August 8, 2007

Basic Energy Services Announces Second Quarter Results

MIDLAND, Texas, Aug. 8 /PRNewswire-FirstCall/ -- Basic Energy Services, Inc. (NYSE: BAS) ("Basic") today announced its financial and operating results for the second quarter and six months ended June 30, 2007.

Basic reported net income of $21.7 million, or $0.52 per diluted share, for the second quarter of 2007, compared to $24.5 million, or $0.64 per diluted share, in the same period in 2006. Revenues increased 21% to $223.3 million compared to $183.8 million in the same period last year. EBITDA (defined as net income before interest, taxes, depreciation and amortization) for the second quarter of 2007 increased 15% to $65.8 million, or 30% of revenue, compared to $57.2 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.

For the six month period, Basic reported net income of $43.8 million in 2007, or $1.08 per diluted share, compared to $44.2 million, or $1.15 per diluted share, in the same period in 2006. 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.

Year-to-date, revenues increased 25% to $422.2 million in 2007, compared to $338.1 million in the same period in 2006. EBITDA rose 20% to $125.5 million in 2007, or 30% of revenue, compared to $104.3 million, or 31% of revenue, during the same period in 2006.

Ken Huseman, Basic's President and Chief Executive Officer, stated, "We are pleased with our financial results for the second quarter given the impact wet weather caused in several of our largest operating areas. Our margins moved down from the historically-high levels a year ago as our labor force and equipment were underutilized for several weeks at a time during the 2007 quarter. Underlying demand however, particularly in our oil-based markets, continues to be strong and our utilization improves markedly during dry weather.

"The year-over-year revenue increase reflects the continued growth in our three largest service lines through internal expansion and acquisitions. Most notable in the second quarter were the acquisitions of Sledge Drilling Holding Corp ("Sledge Drilling") in west Texas, which substantially expanded our contract drilling business, and Wildhorse Services, a rental tool operation that filled in a gap in our coverage in western Oklahoma.

"We are particularly pleased with the Sledge Drilling acquisition. That management team will provide the platform for building our contract drilling segment and allowed us to immediately relocate three of the four drilling rigs we previously operated in the Uintah Basin to more profitable contracts in west Texas.

"In June, anticipating lower short-term demand in the gas-oriented markets, we extended the delivery schedule for a portion of the 32 newbuild well servicing rigs remaining to be delivered under our 120-rig newbuild program, which we launched in late 2004. New rigs being put into service by our competitors and ourselves, stagnant utilization and a very tight labor market prompted us to delay delivery of 10 rigs into the first half of next year.

"We remain very positive about our position in the market, the long term demand for the services we provide and the prospects available to us for the continued growth of our business."

Business Segment Results

Well Servicing

Well servicing revenues increased approximately 19% to $96.3 million during the second quarter of 2007 compared to $81.2 million in the same period last year.

During the second quarter of 2007, we added 14 workover rigs, including 13 newbuilds, one swab rig, a drilling rig that was converted to workover status and retired one rig, bringing our workover rig count to 379 as of June 30, 2007. Revenue per workover rig hour increased 14% to $415 during the second quarter of 2007 compared to $365 in the same period in 2006. The full-fleet workover rig utilization rate declined to 78% in the second quarter of 2007 compared to 91% in the same period in 2006. The decrease in workover rig utilization from 2006 was a result of the unusually wet weather conditions in the second quarter of 2007 in most of Texas and Oklahoma that limited the Company's ability to mobilize its equipment on locations. In addition, flattening or declining drilling activity in several of the Company's markets as well as new equipment entering its markets resulted in the lower utilization from the 2006 period.

On April 2, Basic added six medium-depth drilling rigs, as a result of the Sledge Drilling acquisition, that increased Basic's drilling rig count to nine at June 30, 2007. Revenue per day and operating days were $17,200 and 594, respectively, in the second quarter of 2007 compared to $11,700 and 104, respectively, in the same period in 2006.

Well servicing operating segment profit in the second quarter of 2007 increased to $38.1 million from $35.6 million in the same period in 2006. Operating margins declined to 40% of revenue in the second quarter of 2007 compared to 44% in the same period of 2006, mainly due to lower utilization, higher personnel costs related to lower utilization, and increased maintenance and supplies costs.

Fluid Services

Fluid services revenues in the second quarter of 2007 increased 7% to $52.1 million compared to $48.9 million in the same period in 2006. During the second quarter of 2007, Basic added a net of three fluid services trucks, bringing the total number of fluid services trucks to 659 as of June 30, 2007. Average revenue per fluid services truck decreased by 8% to $79,000 in the second quarter of 2007 compared to $86,000 in the same period in 2006 due to increased competition in our markets as well as from a larger portion of the revenue of this segment being from truck services versus frac tank rentals and disposal fees in the second quarter of 2007. Operating segment profit in the second quarter of 2007 was

$19.3 million, or 37% of revenue, compared to $19.5 million, or 40% of revenue, in the same period in 2006, due to higher personnel, maintenance and supplies.

Completion & Remedial Services

Please note that Basic changed the name of its "Drilling and Completion Services" segment to "Completion and Remedial Services" effective this quarter to better reflect the specialized oil and gas services that are captured in this business segment.

Completion and remedial services revenues during the second quarter of 2007 increased 56% to $63.7 million compared to $40.9 million in the same period in 2006. Operating segment profit in the second quarter of 2007 was $30.4 million, or 48% of revenue, compared to $21.8 million, or 53% of revenue, in the same period in 2006. The increase in revenue and operating profits 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 of June 30, 2007, Basic had 119,000 hydraulic horsepower of pressure pumping capacity compared to 48,250 hydraulic horsepower as of June 30, 2006.

Well Site Construction Services

Well site construction services revenues in the second quarter of 2007 declined to $11.1 million compared to $12.9 million in the same period in 2006. Operating segment profit in the second quarter of 2007 was $3.5 million, or 32% of revenue, compared to $4.1 million, or 32% of revenue, in the same period in 2006.

Capital Expenditures

During the first half of 2007, Basic invested $67 million for capital expenditures, including capital leases and excluding acquisitions. This amount included $49 million for expansion capital expenditures, including $34 million for the well servicing segment, $4 million for the fluid services segment and $7 million for the completion and remedial services segment. Maintenance capital expenditures amounted to approximately $18 million, or 4% of revenues, for the first half of 2007.

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 new equipment entering its markets is helping to satisfy demand in most of the markets it operates in. Pricing is stable with no significant rate increases for its services expected through the end of 2007. Annual guidance for key operating data for 2007 is as follows:

	Annual Guidance for 2007
Workover Rigs (excludes drilling rigs)	
Average revenue per rig hour	$412 - $416
Average number of rigs	374 - 376
Drilling Rigs	

Average revenue per day	$15,500
Average number of rigs	8
Fluid Services	
Average revenue per fluid services truck	$320,000 - $324,000
Average number of fluid services trucks	556 - 660
Total Company	
General and administrative expenses as a % of total revenue	10.5% - 11.5%
Depreciation and amortization	$92 - 94 million
Capital expenditures	$130 - $140 million
EBITDA as a percent of total revenue	29% - 31%
Effective tax rate	37.5% - 38.5%

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 second quarter 2007 results on Thursday, August 9, 2007, at 10:00 a.m. Eastern Time (9:00 a.m. Central). To access the call, please dial (303) 262-2130 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 August 23, 2007 and may be accessed by calling (303) 590-3000 and using the pass code 11093394. 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(Unaudited)		(Unaudited)	
Revenues:				
Well servicing	$96,329	$81,154	$184,940	$154,619
Fluid services	52,111	48,861	103,745	91,982
Completion and remedial services	63,736	40,939	109,873	68,394
Well site construction services	11,080	12,879	23,628	23,144
Total revenues	223,256	183,833	422,186	338,139
Expenses:				
Well servicing	58,268	45,521	111,176	87,131
Fluid services	32,835	29,343	64,644	55,648
Completion and remedial services	33,374	19,180	56,509	33,034
Well site construction services	7,544	8,820	15,837	16,463
General and administrative (1)	25,592	20,144	48,241	38,149
Depreciation and amortization	24,007	15,122	43,232	27,959
(Gain) loss on disposal of assets	(166)	927	175	727
Total expenses	181,454	139,057	339,814	259,111
Operating income	41,802	44,776	82,372	79,028
Other income (expense):				
Interest expense	(7,190)	(4,649)	(12,784)	(7,787)
Interest income	413	555	883	914
Loss on early extinguishment of debt	--	(2,705)	(230)	(2,705)
Other income	40	28	101	55
Income from continuing operations before income taxes	35,065	38,005	70,342	69,505
Income tax expense	(13,373)	(13,518)	(26,577)	(25,337)
Net income	$21,692	$24,487	$ 43,765	$ 44,168

Earnings per share of common stock:				
Basic	$ 0.54	$ 0.73	$ 1.11	$ 1.32
Diluted	$ 0.52	$ 0.64	$ 1.08	$ 1.15
Comprehensive Income:				
Net income	$21,692	$24,487	$ 43,765	$ 44,168
Unrealized gains (losses) on hedging activities	--	(236)	--	(236)
Comprehensive Income:	$21,692	$24,251	$ 43,765	$ 43,932
Other Financial Data:				
EBITDA(2)	$65,849	$57,221	$125,475	$104,337
Capital expenditures:				
Acquisitions, net of cash acquired	$71,116	$11,468	$175,470	$ 98,988
Property and equipment	$29,071	$24,015	$ 52,854	$ 48,827

	As of June 30, 2007	June 30, 2006
Balance Sheet Data:	(Unaudited)	
Cash and cash equivalents	$46,504	$37,540
Net property and equipment	607,777	424,720
Total assets	1,073,791	685,738
Total long-term debt	403,598	245,037
Total stockholders' equity	479,018	303,939

	Three months Ended June 30,		Six months Ended June 30,	
Segment Data:	2007	2006	2007	2006
Well Servicing				
Segment profits as a percent of revenue	39.5%	43.9%	39.9%	43.6%
Workover rigs				
Weighted average number of rigs	371	337	368	331
Rig hours (000's)	207.7	219.3	418.5	428.0
Rig utilization rate	78.3%	91.0%	79.5%	90.4%
Revenue per rig hour	$ 415	$ 365	$ 413	$ 357
Workover rig profit per rig hour	$ 163	$ 165	$ 168	$ 161
Drilling rigs				
Weighted average number of rigs	8	2	6	2
Rig operating days	594	104	762	119
Revenue per day	$17,200	$11,700	$16,000	$ 15,100
Drilling rig profit per day	$ 6,900	$(4,900)	$ 4,300	$(11,800)
Fluid Services				
Weighted average number of fluid services trucks	657	568	655	559
Revenue per fluid services truck (000's)	$ 79	$ 86	$ 158	$ 165
Segment profits per fluid services truck (000's)	$ 29	$ 34	$ 60	$ 65

Segment profits as a percent of revenue	37.0%	39.9%	37.7%	39.5%
Completion and Remedial Services				
Segment profits as a percent of revenue	47.6%	53.1%	48.6%	51.7%
Well Site Construction Services				
Segment profits as a percent of revenue	31.9%	31.5%	33.0%	28.9%

(1) Includes approximately $1,062,000 and $875,000 of non-cash compensation expense for the three months ended June 30, 2007 and 2006, respectively. For the six months ended June 30, 2007 and 2006, it includes approximately $2,155,000 and $1,633,000 of non-cash 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 net income to EBITDA, which is the most comparable GAAP performance measure, for each of the periods indicated:

	Three months Ended June 30, 2007	2006	Six months Ended June 30, 2007	2006
Reconciliation of Net Income to EBITDA:				
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net Income	$21,692	$24,487	$ 43,765	$ 44,168
Income taxes	13,373	13,518	26,577	25,337
Net interest expense	6,777	4,094	11,901	6,873
Depreciation and amortization	24,007	15,122	43,232	27,959
EBITDA	$65,849	$57,221	$125,475	$104,337

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.