November 8, 2007

Basic Energy Services Announces Third Quarter Results

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

Basic reported net income of $24.4 million, or $0.59 per diluted share, for the third quarter of 2007, compared to $27.3 million, or $0.71 per diluted share, in the same period in 2006. Revenues increased 18% to $229.2 million compared to $194.6 million in the same period last year. EBITDA (defined as net income before interest, taxes, depreciation and amortization) for the third quarter of 2007 increased 6% to $68.8 million, or 30% of revenue, compared to $64.6 million, or 33% 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 nine month period, Basic reported net income of $68.2 million in 2007, or $1.66 per diluted share, compared to $71.5 million, or $1.86 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 22% to $651.4 million in 2007, compared to $532.7 million in the same period in 2006. EBITDA rose 15% to $194.2 million in 2007, or 30% of revenue, compared to $168.9 million, or 32% of revenue, during the same period in 2006.

Ken Huseman, Basic's President and Chief Executive Officer, stated, "The company achieved a record level of revenue and EBITDA in the third quarter. The combination of internal growth initiatives, contribution from acquisitions closed over the last year and higher pricing in all service lines more than offset lower year-over-year utilization. Our management team continues to do an excellent job of controlling costs in a tight labor market to produce margins which remain at the upper end of the historical range in each service segment.

"The current level of profitability in our core services continues to support investment in new equipment, particularly by many of our smaller competitors. Some relocation of equipment from the slower gas markets to the more active oil markets is underway, further adding to competition for available work and scarce qualified personnel. We could very well see increased pressure on utilization, rates and margins until gas prices increase sufficiently to boost activity in the higher-cost gas markets or new equipment deliveries abate.

"As for the fourth quarter outlook, the industry typically experiences a seasonal decline in activity during the period due to fewer daylight hours, inclement weather and holidays and this year, fully expended capital budgets for several of our customers. We expect our fourth quarter revenue levels to be four to six percent below third quarter results with margins slightly lower as labor and winter-related costs consume a larger portion of revenue.

"Given that short term outlook, we are confirming the 2007 full-year profit guidance provided in our previous quarter's earnings release but will not provide 2008 guidance at this time. Uncertainty in the gas markets is causing disruptions and some suspensions of drilling and workover programs in many of those markets. While most of our business is oil and production maintenance-driven, reduced activity in gas markets can cause a ripple effect in contiguous oil markets due to increased competition. Reflecting our expectations for a balanced supply and demand for equipment, as announced in our recent operating data releases, we have reduced capital spending and expect to spend approximately $115 million in 2007 rather than the $130 to $140 million previously projected.

"We continue to find and close acquisitions at reasonable valuations to build our footprint in the most active oil and gas markets. Our dominant market position in the Permian Basin of west Texas and southeastern New Mexico was further strengthened by our acquisition in late September of two fluid services companies which added a total of 25 trucks along with related support equipment. We believe the current environment will lead to a larger number of established companies and many of the financially-sponsored start-ups and roll-ups to look for an exit, providing numerous acquisition opportunities for us in 2008."

Business Segment Results

Well Servicing

Well servicing revenues increased approximately 13% to $99.3 million during the third quarter of 2007 compared to $88.2 million in the same period last year.

During the third quarter of 2007, we added 17 workover rigs, including 16 newbuilds and one swab rig, and retired ten rigs, bringing our workover rig count to 386 as of September 30, 2007. Revenue per workover rig hour increased 9% to $414 during the third quarter of 2007 compared to $379 in the same period in 2006. The full-fleet workover rig utilization rate declined to 78% in the third quarter of 2007 compared to 90% in the same period in 2006.

During the third quarter of 2007, Basic added one medium-depth drilling rig, increasing the drilling rig count to ten at September 30, 2007. Revenue per day and operating days were $15,700 and 723, respectively, in the third quarter of 2007 compared to $14,700 and 160, respectively, in the same period in 2006.

Well servicing operating segment profit in the third quarter of 2007 was $40.0 million, compared with last year's third quarter operating segment profit of $39.8 million. Operating margins declined to 40% of revenue in the third quarter of 2007 compared to 45% in the same period of 2006, mainly due to lower utilization, higher personnel costs related to lower utilization and increased maintenance and repair costs.

Fluid Services

Fluid services revenues in the third quarter of 2007 increased 4% to $52.7 million compared to $50.7 million in the same period in 2006. During the third quarter of 2007, Basic added a net of seven fluid services trucks, bringing the total number of fluid services trucks to 666 as of September 30, 2007. Average revenue per fluid services truck decreased by 2% to

$81,000 in the third quarter of 2007 compared to $83,000 in the same period in 2006. Operating segment profit in the third quarter of 2007 was $19.4 million, or 37% of revenue, compared to $19.5 million, or 38% of revenue, in the same period in 2006, due to higher personnel, maintenance and supplies costs.

Completion & Remedial Services

Completion and remedial services revenues during the third quarter of 2007 increased 57% to $66.3 million compared to $42.1 million in the same period in 2006. Operating segment profit in the third quarter of 2007 rose to $31.6 million, or 48% of revenue, compared to $21.6 million, or 51% of revenue, in the same period in 2006. The increase in revenue and operating profit in this segment was the result of several acquisitions since the third quarter of 2006 including the acquisition of JetStar in March 2007. As of September 30, 2007, Basic had 121,000 hydraulic horsepower of pressure pumping capacity compared to 60,000 hydraulic horsepower as of September 30, 2006.

Well Site Construction Services

Well site construction services revenues in the third quarter of 2007 declined to $11.0 million compared to $13.5 million in the same period in 2006. Operating segment profit in the third quarter of 2007 was $3.4 million, or 31% of revenue, compared to $4.1 million, or 30% of revenue, in the same period in 2006.

Capital Expenditures

During the first nine months of 2007, Basic invested $102 million for capital expenditures, including capital leases and excluding acquisitions. This amount included $61 million for expansion capital expenditures, including $46 million for the well servicing segment, $7 million for the fluid services segment and $8 million for the completion and remedial services segment. Maintenance capital expenditures amounted to approximately $28 million, or 4% of revenues, for the first three quarters of 2007. Other capital expenditures of $13 million, mainly for facilities and IT infrastructure, comprise the remainder of capital spending for the first three quarters of 2007.

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 4,500 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 third quarter 2007 results on Friday, November 9, 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 November 16, 2007 and may be accessed by calling (303) 590-3000 and using the pass code 11099827. 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 September 30, 2007	2006	Nine Months Ended September 30, 2007	2006
	(Unaudited)		(Unaudited)	
Revenues:				
Well servicing	$99,274	$88,221	$284,214	$242,840
Fluid services	52,696	50,742	156,441	142,724
Completion and remedial services	66,304	42,109	176,177	110,503
Well site construction services	10,958	13,483	34,586	36,627
Total revenues	229,232	194,555	651,418	532,694
Expenses:				
Well servicing	59,319	48,399	170,495	135,530
Fluid services	33,299	31,231	97,943	86,879
Completion and remedial services	34,731	20,522	91,240	53,556
Well site construction services	7,603	9,414	23,440	25,877
General and administrative (1)	25,472	20,907	73,713	59,056

Depreciation and amortization	23,582	16,706	66,814	44,665
(Gain) loss on disposal of assets	58	(420)	233	307
Total expenses	184,064	146,759	523,878	405,870
Operating income	45,168	47,796	127,540	126,824
Other income (expense):				
Interest expense	(7,375)	(4,732)	(20,159)	(12,519)
Interest income	830	603	1,713	1,517
Loss on early extinguishment of debt	-	-	(230)	(2,705)
Other income	23	75	124	130
Income from continuing operations before income taxes	38,646	43,742	108,988	113,247
Income tax expense	(14,220)	(16,414)	(40,797)	(41,751)
Net income	$24,426	$27,328	$68,191	$71,496
Earnings per share of common stock:				
Basic	$0.60	$0.81	$1.71	$2.14
Diluted	$0.59	$0.71	$1.66	$1.86
Comprehensive Income:				
Net income	$24,426	$27,328	$68,191	$71,496
Unrealized gains (losses) on hedging activities	-	-	-	(236)
Comprehensive Income:	$24,426	$27,328	$68,191	$71,260
Other Financial Data:				
EBITDA(2)	$68,773	$64,577	$194,248	$168,914
Capital expenditures:				
Acquisitions, net of cash acquired	$18,960	$33,865	$194,430	$132,853
Property and equipment	$29,259	$26,730	$82,113	$75,557

	As of September 30, 2007	As of September 30, 2006
Balance Sheet Data:	(Unaudited)	
Cash and cash equivalents	$57,339	$29,220
Net property and equipment	655,928	462,078
Total assets	1,129,029	749,631
Total long-term debt	405,324	247,910
Total stockholders' equity	504,532	332,889

Segment Data:	Three months Ended September 30, 2007	2006	Nine months Ended September 30, 2007	2006
Well Servicing				
Segment profits as a percent of revenue	40.2%	45.1%	40.0%	44.2%
Workover rigs				
Weighted average number of rigs	383	351	373	338
Rig hours (000's)	212.1	226.3	630.6	654.3
Rig utilization rate	77.7%	90.2%	78.8%	90.3%
Revenue per rig hour	$414	$379	$413	$365
Workover rig profit per rig hour	$166	$175	$168	$166
Drilling rigs				
Weighted average number of rigs	9	2	7	2
Rig operating days	723	160	1,484	276
Revenue per day	$15,700	$14,700	$15,900	$15,200
Drilling rig profit (loss) per day	$6,700	$1,600	$5,400	$(4,000)
Fluid Services				
Weighted average number of fluid services trucks	653	614	654	570
Revenue per fluid services truck (000's)	$81	$83	$239	$250
Segment profits per fluid services truck (000's)	$30	$32	$89	$98
Segment profits as a percent of revenue	36.8%	38.5%	37.4%	39.1%
Completion and Remedial Services				
Segment profits as a percent of revenue	47.6%	51.3%	48.2%	51.5%
Well Site Construction Services				
Segment profits as a percent of revenue	30.6%	30.2%	32.2%	29.3%

(1) Includes approximately $1,073,000 and $842,000 of non-cash compensation expense for the three months ended September 30, 2007 and 2006, respectively. For the nine months ended September 30, 2007 and 2006, it includes approximately $3,228,000 and $2,475,000 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 net income to EBITDA, which is the most comparable GAAP performance measure, for each of the periods indicated:

	Three months Ended September 30,		Nine months Ended September 30,	
	2007	2006	2007	2006
Reconciliation of Net Income to EBITDA:	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net Income	$24,426	$27,328	$68,191	$71,496
Income taxes	14,220	16,414	40,797	41,751
Net interest expense	6,545	4,129	18,446	11,002
Depreciation and amortization	23,582	16,706	66,814	44,665
EBITDA	$68,773	$64,577	$194,248	$168,914

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