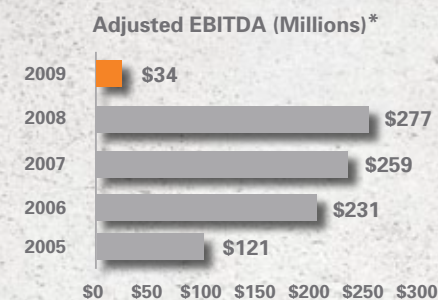




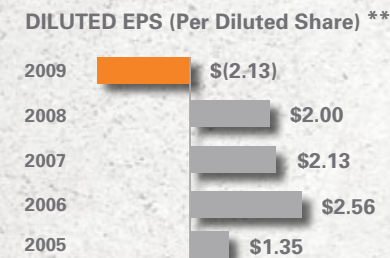
S T A Y I N G P O W E R

2009 ANNUAL REPORT





* Net income before interest, taxes, depreciation and amortization. Net gain or loss from disposal of assets and nonrecurring charges and income.



** Excludes nonrecurring charges and income.

See Reconciliation of Adjusted EBITDA on page 10.

CORPORATE PROFILE

Basic Energy Services provides a range of services to help domestic oil and gas producers keep more than 900,000 existing wells in production throughout their lifecycle, from the initial drilling of the well to ongoing maintenance to plugging and abandonment. Based in Midland, Texas, Basic employs approximately 3,800 people in Texas, Oklahoma, Louisiana, New Mexico, Kansas, Arkansas and the Rocky Mountain States. Founded in 1992, Basic has grown to be one of the largest well servicing companies in the United States. Our common stock is listed on the New York Stock Exchange under the symbol BAS.



LETTER FROM THE PRESIDENT

To Our Shareholders,

During 2009, demand for oilfield services dropped significantly as E&P customers dramatically curtailed drilling and even routine well maintenance work in response to the collapse of commodity prices and turmoil in the financial markets. With the experience gained in previous cycles, our management team responded by streamlining our operations, cutting costs across the board, reducing capital spending and aggressively setting our rates to remain competitive as customers reduced the number of vendors they employed.

Despite the uncertainty the down portion of the business cycle causes, our employees reduced our OSHA-recordable incidents for the fifth consecutive year with a frequency rate 22% below the rate achieved in 2008. Although we strive for an incident-free workplace, that reduction in a difficult business environment was a great achievement!

STRONG BALANCE SHEET PROVIDES OPPORTUNITY Certainly the year was challenging for the entire industry, but our focus on providing services, which are required throughout the life of the well, and our footprint across the most productive oil and gas basins placed the company in a position to withstand the downturn. Because of the uncertainty of the general economy and the timing of a recovery, we took steps to further improve our liquidity and ensure our ability to survive, and ultimately thrive as the cycle turns, by issuing a senior note offering in July.

The offering raised \$213 million, allowing us to pay down our revolving credit facility and eliminate principal payments until 2014. The additional liquidity increased our cash reserves in the third quarter to more than \$140 million and provided us indefinite staying power and the resources to take advantage of growth opportunities as the cycle bottomed.

INVESTING IN OUR FUTURE Along with our aggressive cost reduction efforts, we also streamlined our operations and took steps to improve our ability to manage the company more efficiently in the future. We consolidated several regional headquarters to reduce overhead, migrated our financial system to the SAP platform to improve the timeliness of management information and completed the integration of GPS technology throughout our operations.

The improved commodity price levels and the apparent bottoming of the current downturn in the third quarter gave us the confidence to begin deploying a portion of our cash reserves to expand our business and footprint. We purchased six new or nearly new rigs during the fourth quarter for use in the fast-growing Williston Basin market. We also invested \$6 million in late model fluid services assets for deployment in that same market. Most of those

assets were acquired at significant discounts to replacement cost from auctions or other distressed sales. We'll use this equipment to expand our long-standing Williston Basin operations and capture a bigger share of the Bakken Shale completion activity that is projected to occur over the next several years.

We re-entered the acquisition market by closing our first acquisition since September 2008 with the purchase of the assets of Team Snubbing Services, Inc. on December 28, 2009. Team, based in Conway, Arkansas, operates a fleet of eight snubbing units in the Fayetteville Shale market.

BOARD OF DIRECTORS APPOINTMENT This year also saw two significant changes to the Board of Directors. In June, H.H. (Tripp) Wommack III, the founder of Basic Energy Services, resigned from the Board of Directors to focus on his other business interests. He had served as chairman of the board from the inception of Basic in 1992 through January 2001. We want to thank Tripp for his many years of distinguished service and his contributions in helping grow the company over the years.

In the same month, Basic appointed Antonio O. Garza, Jr. to the Board of Directors. Mr. Garza served as the United States Ambassador to Mexico from 2002 until January 2009. He brings a new dimension of experience to complement the breadth of knowledge, contacts and industry experience, which are well represented, on Basic's Board of Directors. It's my pleasure to welcome Tony to the Basic team.

CAUTIOUSLY OPTIMISTIC The activity level experienced in the latter part of 2009 is an encouraging indicator of the improved business conditions we anticipate experiencing in all our business lines and geographic markets in 2010. We'll augment that recovery by redeploying or adding assets to our existing

operations in close proximity to the significant activity occurring in "unconventional" plays such as the Haynesville, Wolfberry and Bakken fields.

In addition to the recovery in our established markets, we have the financial resources to capitalize on expansion opportunities. Increasing activity in the Marcellus play in the northeast portion of the U.S. provides a growing need for the type of services we provide, so we will monitor opportunities to enter that market. We also established the legal framework in 2009 necessary to initiate operations in Mexico and anticipate moving forward in that market in 2010.

We finished a tough year on a very positive note and are looking forward to the much-improved demand for our services and opportunities in 2010. I would like to personally thank our Board of Directors, customers, suppliers, shareholders and, in particular, our employees who have enabled Basic to continue to be an industry leader during these challenging times.

Thank you for your interest in our company.



Kenneth V. Huseman
Chief Executive Officer and President

"OUR STRATEGY OF FOCUSING ON THE LIFE OF THE WELL AND BUILDING CLOSE LOCAL CUSTOMER RELATIONSHIPS CONTINUES TO BE A FUNDAMENTAL STRENGTH."



Basic's workover rig fleet includes rigs configured to accommodate the latest advancements and processes including horizontal and underbalanced drilling and re-entry applications.





During fracturing, Basic professionals monitor multiple rates and pressures of pumping equipment and blenders with remote control capability, increasing control of the fracturing treatment while enhancing overall safety.



STAYING POWER.

The same strengths that helped Basic prosper during robust markets – a strong footprint, diversity of service offerings, focus on the life of the well, broad client base and oil and gas balance – enabled the company to stay the course during 2009 and remain active throughout the year. Vital to Basic's staying power is the range of services we provide that address every aspect in the well lifecycle, making the company essential to well owners regardless of the direction and level of oil and gas prices.

As activity declined, management quickly took steps to streamline the company's cost structure and protect our competitive position. Basic kept its most experienced people, stacked its least efficient equipment and used its new and updated fleet, which requires less maintenance. Basic also invested in new technology, including GPS systems to increase efficiency in dispatching equipment.

A SOLID BUSINESS STRATEGY In the face of the 2009 economic climate, Basic stayed true to its long-term business strategy of focusing on the life of the well and staying close to its customers. Basic maintained its infrastructure and continued to follow its model of giving responsibility to local operations, supporting them from the corporate level with administrative and risk management. Basic's strong liquidity position will enable the company to purchase quality assets and companies.

**“BY BUILDING
RELATIONSHIPS LOCALLY
WITH EXPERTS THAT
UNDERSTAND THE
CHALLENGES OF
THEIR REGION BETTER
THAN ANYONE, WE’RE
STAYING COMPETITIVE
NATIONALLY.”**

STAYING CLOSE TO THE FIELD AND CLOSE TO OUR CUSTOMERS.

Basic's strategy of building a strong company by acquiring or creating local operations was particularly relevant this past year. In a business based on relationships, staying close to the field and close to customers has enabled Basic to form long-term associations in the communities in which we operate. Local presence means local expertise. With local management having autonomy, they are able to respond quickly to operational challenges and provide the service customers need and expect. This local leadership is supported by Basic's national strength. Across the organization, we maintain cohesive systems, policies, operating procedures and safety practices. In addition, Basic's EDI system helps our customers streamline their administration needs, while further strengthening each relationship.

COMPREHENSIVE SERVICES, FULL MARKET COVERAGE.

From established fields to burgeoning plays, Basic Energy Services is a company that focuses on the country's most prolific oil and gas producing regions. As demand for oil and gas recovers, clients will need

“WHETHER IT’S ESTABLISHED OR BURGEONING PLAYS, WE FOCUS ON THE MOST PROLIFIC OIL AND GAS PRODUCING REGIONS IN THE COUNTRY.”

to optimize their existing wells. Basic is positioned to take advantage of this and has the services, the staff, the equipment and the footprint to make it happen. In this new environment, companies are expressing a desire to work with fewer vendors and want to consolidate their business with more capable companies that offer comprehensive services, presenting another opportunity for Basic.

WELL SERVICING Basic’s well servicing offerings include wellbore maintenance, well completion, workover procedures, and plugging and abandonment. The company operates a fleet of more than 400 modern, well-maintained mobile well servicing rigs.

FLUID SERVICES Basic uses a fleet of over 790 fluid service trucks and related equipment, including specialized tank trucks, storage tanks and disposal facilities, to transport, store and dispose of a variety of fluids used in all phases of drilling and production. The addition of GPS units to the fleet has enabled Basic to increase responsiveness and enhance efficiency.

COMPLETION & REMEDIAL SERVICES Basic’s pressure pumping and wireline services are critical to maintaining a well’s productivity. In the pressure pumping area, Basic provides fracturing, acidizing, cementing, coiled tubing and nitrogen services. In wireline, Basic offers perforating, horizontal pump-downs, tubular recovery and logging. Basic also provides a complete line of rental and fishing tools and rig-assisted snubbing.

CONTRACT DRILLING Basic has a fleet of medium-depth drilling rigs rated up to 11,000 ft. that focus on development drilling programs in the Permian Basin. In 2009, Basic operated 9 drilling rigs.

NEW LEVELS OF OPERATIONAL EFFICIENCY.

During the economic slowdown, management initiated several key measures that enabled the company to increase its efficiency and reduce costs. Regional operations were reduced from seven to five operations, creating a leaner company that can more efficiently address the needs of our customers in our different geographic markets. Basic’s financial system migrated to SAP, improving productivity and insight as well as reducing costs through process standardization. The newbuild program was completed with 140 new rigs, which in turn has significantly lowered the company’s capital expenditures. A number of temporary cost measures were also introduced, such as revising work schedules, and reducing wages and benefit plans until the downturn is over.



From repair and replacement of downhole equipment to final abandonment and more, Basic provides a comprehensive range of well servicing tasks performed with a fleet of over 400 well-maintained mobile well servicing rigs.



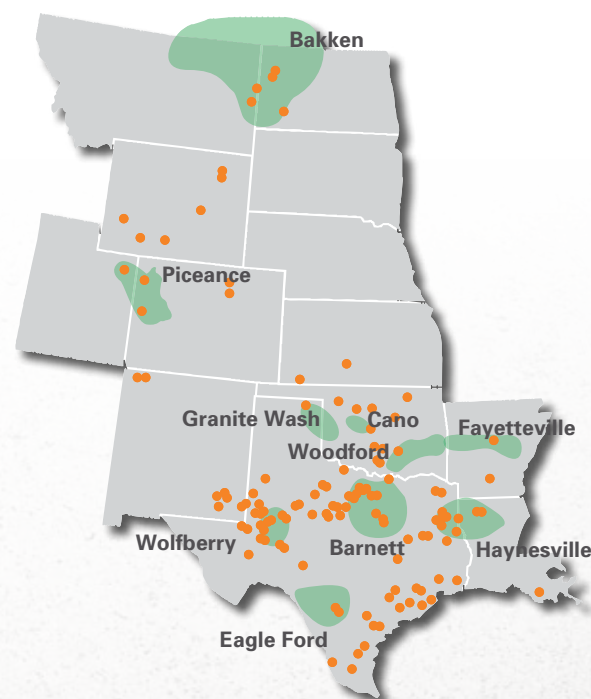


These steps, as well as continuing to add equipment and software that increase operational efficiency, will serve to keep Basic strong today and well positioned for growth and increased market value when the business cycle changes.

POISED FOR OPPORTUNITY.

With 2009 behind us, we have seen Basic Energy Services leverage its management strength, its financial strength and its portfolio of services to address the economic downturn and emerge poised to take advantage of an improving market. To this point, Basic will use its strong balance sheet to expand our business as opportunities arise. The company will continue to expand its footprint in its various segments. And it will improve its exposure in the “unconventional” plays as they become developed in the Barnett, Marcellus, Wolfberry and Bakken fields.

Basic Energy Services is a company that is managed and operated by seasoned industry professionals who understand market cycles and how to adapt to changing market conditions. This experience is at the core of Basic’s success in both strong markets and in tough times. From the front office to the field, its people bring decades of knowledge and experience to the company. Our employees are the strength behind our staying power.



UNCONVENTIONAL PLAYS

Efforts to exploit oil and gas plays across the country present significant opportunities for Basic Energy Services. As these unconventional plays get drilled and become established, demand for Basic’s services will continue to increase.



RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA
(in millions)

	2009	2008	2007	2006	2005
Net Income (Loss)	\$(254)	\$68	\$88	\$99	\$45
Goodwill Impairment	204	22	-	-	-
Merger-Related Income	-	(12)	-	-	-
Loss on Early Extinguishment of Debt	4	-	-	-	-
Income Taxes	(88)	55	53	55	27
Net Interest Expense	32	25	25	15	12
(Gain) Loss on Disposal of Assets	3	-	-	-	-
Depreciation & Amortization	133	119	93	62	37
Adjusted EBITDA	\$34	\$277	\$259	\$231	\$121

**RECONCILIATION OF REPORTED DILUTED EARNINGS
PER SHARE TO ADJUSTED DILUTED EARNINGS PER SHARE**

	2009	2008	2007	2006	2005
Reported Diluted EPS	\$(6.39)	\$1.64	\$2.13	\$2.56	\$1.35
Impact of Non-cash Goodwill Impairment Charge, After Tax	4.20	0.27	-	-	-
Impact of Early Extinguishment of Debt, After Tax	0.06	-	-	-	-
Impact of Merger Termination Costs, After Tax	-	0.09	-	-	-
Adjusted Diluted EPS	\$(2.13)	\$2.00	\$2.13	\$2.56	\$1.35

BOARD OF DIRECTORS

Kenneth V. Huseman
President, Chief Executive Officer and Director

Steven A. Webster
Chairman of the Board

William E. Chiles^{1,3}
Director

James S. D’Agostino, Jr.^{1,3}
Director

Robert F. Fulton
Director

Sylvester P. Johnson, IV²
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

Kenneth V. Huseman
President, Chief Executive Officer and Director

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

T. M. “Roe” Patterson
Senior Vice President, Rig & Truck Operations

James F. Newman
Vice President, Completion & Remedial Services Group

Steve McCoy
Vice President, Contract Drilling

Jim Tyner
Vice President, Human Resources

Doug Rogers
Vice President, Marketing

SENIOR MANAGEMENT

Dub Harrison
Vice President, Ark-La-Tex Region

Lynn Wigington
Vice President, Permian Basin Region

Charles W. Swift
Vice President, Gulf Coast Region

Jerry Tuffy
Vice President, Rocky Mountain Region

Randy Franklin
Vice President, Mid Continent Region

Tim Dame
Vice President, Pressure Pumping & Wireline Services Division

Bobby Adkins
Vice President, Rental & Fishing Tools Division

Mark D. Rankin
Vice President, Risk Management

Steve Perry
Vice President, Corporate Safety & Training

Lars Crotwell
Vice President, Information Technology

Cody Bissett
Controller

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