



STRONG PRESENCE, SOLID PATH

Annual Report 2011



Extensive Footprint in Prolific Basins

Basic Energy Services focuses on the well count in the most prolific oil and gas producing regions in the country. We base our core operations in proven oil and gas markets with a footprint that covers approximately 70% of the existing oil and gas production in the U.S.

Rocky Mountains

100,000+
35% 65% 225

Well Servicing Pumping Services

- Cementing
- Acidizing
- Fracturing

Wireline

Rental/Fishing Tools

Fluid Services

- Trucking
- Frac Tanks
- SWD Wells

Coil Tubing

Well Site Construction

Permian Basin

150,000+
80% 20% 315

Well Servicing

Contract Drilling

Pumping Services

- Cementing
- Acidizing
- Fracturing

Wireline

Rental/Fishing Tools

Fluid Services

- Trucking
- Frac Tanks
- SWD Wells

Plug & Abandon

- Well Count
- Oil Well Count %
- Recent Drilling Rig Count
- Gas Well Count %

Sources: Drilling rig count is from
Land Rig Newsletter Biweekly Report.

Appalachian

185,000+
15% 85% 129

Well Servicing

Snubbing Services

Mid Continent

260,000+
65% 35% 209

Well Servicing

Snubbing Services

Pumping Services

Wireline

Rental/Fishing Tools

Ark-La-Tex

70,000+
45% 55% 294

Well Servicing

Snubbing Services

Pumping Services

Rental/Fishing Tools

South Texas / Gulf Coast

45,000+
50% 50% 184

Well Servicing Fluid Services

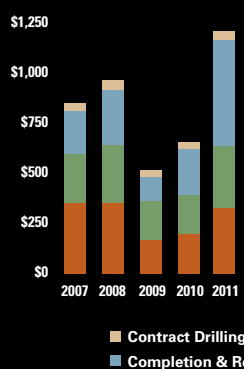
- Trucking
- Frac Tanks
- SWD Wells

Rental/Fishing Tools

Plug & Abandon

Financial Highlights

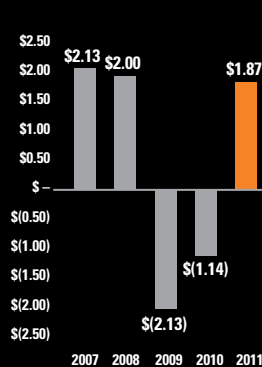
REVENUE (Millions)



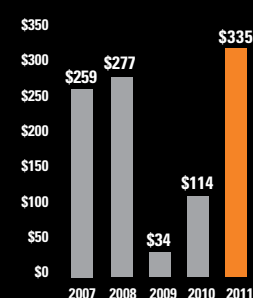
SEGMENT PROFIT (Millions)



EPS (Per Diluted Share)



ADJUSTED EBITDA* (Millions)



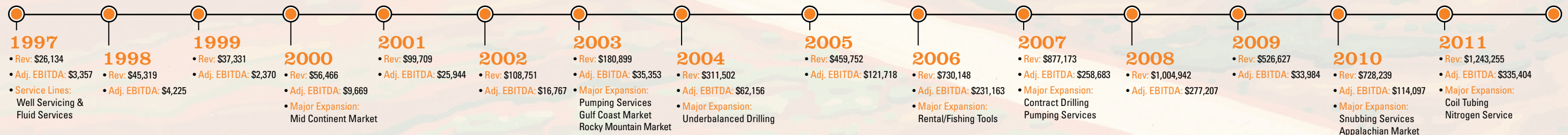
* Net income before interest, taxes, depreciation and amortization.

About Basic

With a strong presence in the country's most prolific oil and gas producing regions, Basic Energy Services provides a range of services to help America's 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, Basic delivers performance-driven expertise. Based in Midland, Texas, Basic employs approximately 5,600 people in Texas, Oklahoma, Louisiana, New Mexico, Kansas, Arkansas, the Rocky Mountain States and the Appalachian region. Since its founding in 1992, Basic has followed a solid path to become 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.

Basic History of Growth

Note: Adjusted EBITDA is the non-GAAP financial measure of earnings (net income) before interest, taxes, depreciation and amortization, gain or loss on early extinguishment of debt, gain or loss on disposal of assets, goodwill impairment and gain on bargain purchase price.



Letter to Our Shareholders

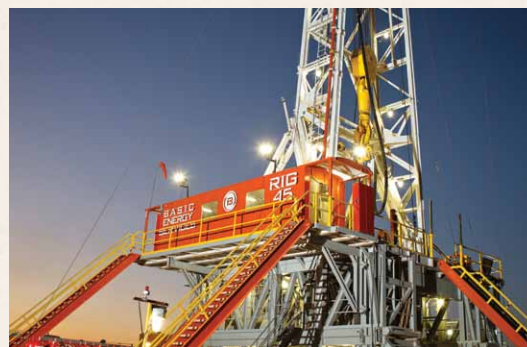
2011 was a significant year for Basic Energy Services. Despite weak demand in our gas-driven markets, we achieved record levels of revenue and EBITDA by capitalizing on our well-established positions in the major oil and liquids producing markets within our footprint. And we expanded our coverage and the range of services we provide with several acquisitions, which augment the internal growth initiatives available to us in most of our markets.

In addition to the investments in additional capacity, we continued to redeploy equipment from dry gas areas to the more active areas within our footprint, and increased revenue derived from our oil and liquids markets to more than 70% compared to an estimated 50% in 2008. Our market-leading presence in the Permian Basin in particular, where approximately 40% of our revenue is generated, allowed us to expand each of our service lines as expenditures for drilling and production services on the part of E&P companies more than doubled over the course of the year.

During the year, we invested \$104 million in capital expenditures to grow our business in the Permian Basin. We substantially increased our drilling rig fleet in the Wolfberry play in the region with the purchase of three 'Super Single' class 1,000 hp rigs during the first quarter and two 1,200 hp diesel electric rigs in December. We also grew our pumping horsepower by 23% with the delivery of our 25,000 hhp frac spread, which was deployed on Wolfberry frac programs in early spring. In addition, we added 90 fluid service trucks and 661 frac tanks to our fleet during the year, with the majority of that expansion building our presence in the Permian Basin. And finally, we increased our active well servicing rig fleet by 24 rigs as we redeployed and reactivated rigs within that market.

Expanding Our Services, Enhancing Our Growth

We completed two important acquisitions during 2011 that support our strategy of broadening our local presence. The purchase of the Maverick Companies, the largest acquisition we have completed to date, significantly expanded our pumping capability in the Rocky Mountain region and added coil tubing as a new growth platform. Maverick is a great example of the type of acquisition that we believe helps build value for our shareholders.



100% increase in drilling rig fleet size due to the addition of two new 1,200 hp diesel electric rigs and three 'Super Single' class 1,000 hp rigs

Maverick's experienced management and well-trained field personnel combined with its high quality, late-model equipment have developed the company's reputation as a first-class service provider in markets where, for the most part, we did not compete. In addition, we believe Maverick's coil tubing fleet and expertise provide an excellent foundation to rapidly build upon in several markets where we already have a substantial presence in other services.

The purchase of Lone Star Anchor Trucking is an example of the smaller kind of acquisitions that we historically have built the company on. Located in the busy Wolfberry play in the Permian Basin, Lone Star Anchor enhances our capability at a local level and added 33 fluid service trucks and two salt-water disposal wells to one of our established operations. Those additional disposal facilities will play an important role in the continued expansion of our fluid services segment as the Wolfberry play drives increased drilling and frac activity in that section of the Permian Basin.

Strong Performance Across All Segments

Strong demand across our business segments and the contribution of our acquisitions resulted in a record level of revenue and EBITDA for the company. Favorable operating conditions along with good cost control and modestly improved pricing delivered an EBITDA margin that had returned to 2008 levels by year-end. While each segment generated sequential increases in revenue and operating margins throughout 2011, we were particularly pleased with the performance of our well servicing segment, which generated a utilization rate of 70% for the year. This indicates strong demand for our production support services as well as our drilling related services.

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Internal Growth

The year saw Basic Energy Services making a number of positive changes internally. To meet the increased demand for our services, we hired over a thousand new employees, taking our staff level from 4,500 in 2010 to 5,600 by year-end. We're supporting that growth in our employee base with substantial investments in safety and training focused on eliminating work place accidents and injuries

and improving retention.

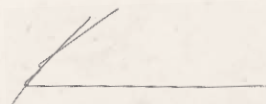
In addition, we introduced several efficiency initiatives, including updating our GPS system and streamlining our invoicing process to save time, reduce paperwork and provide a more efficient service for our customers.

Moving Forward

Our outlook for 2012 is positive. While we don't expect much improvement in gas related activity, oil prices above \$80 per barrel should drive increased expenditures for drilling and completing new wells and aggressive maintenance and workover programs to optimize production from existing wells. We are evaluating a growing list of acquisition opportunities along with steady requests from our field management for more equipment and capabilities with which to serve our local markets. We will use our strong cash flow and liquidity to take advantage of the best of those opportunities to grow our business and build shareholder value in 2012.

On a personal note, I would like to thank our board of directors, employees, customers, suppliers and shareholders who have enabled Basic to grow ever stronger through the years, strategically increasing our footprint, our services and our opportunities.

Thank you for your interest in our company.



Kenneth V. Huseman
Chief Executive Officer and President



Basic's path to performance begins with having people with deep knowledge of the regions in which we operate, such as our Fluid Services personnel in the Permian Basin.



Charting a Course to Success

Since inception, Basic Energy Services has continued to steadily grow in geographic footprint, assets and revenues.

Today Basic supports six geomarkets, conducting operations in the Texas Gulf Coast region, the Ark-La-Tex region, the Permian Basin of West Texas, the Mid Continent, the Appalachian region and the Rocky Mountains.

More importantly Basic enjoys a leading position in the Permian Basin – the country's most prolific region for oil and gas production. Basic's activity continues to grow in this significant oil producing province, which contains an estimated 30 Bbbl of remaining oil in place. Our growing position in the Permian Basin was the primary driver for our outstanding performance in 2011, with total revenues reaching a record \$1.2 billion.

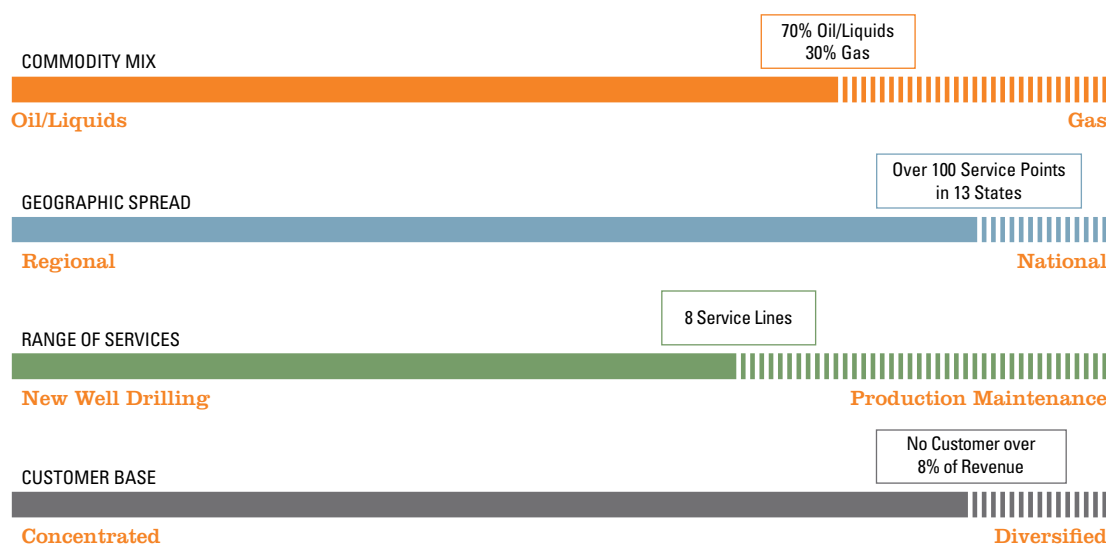
A Diversified Customer Base

Basic has a broad, diversified customer base comprising over 2,000 active customers, with no one customer accounting for more than 8% of our revenues. Our infrastructure allows us to effectively meet the needs of well-capitalized, publicly traded customers. With an asset mix of services in the oil and liquids rich market for every phase of the well lifecycle, Basic's expertise in providing services critical to the life of the field are always in demand.

Capitalizing on Our Position

With over 800,000 wells in our footprint, Basic is focused on the most prolific oil and gas producing regions in the country. Our geographic reach covers approximately 70% of existing oil and gas production in the U.S. Furthermore our comprehensive range of services is required for both unconventional production and for optimizing activity in conventional wells in these regions.



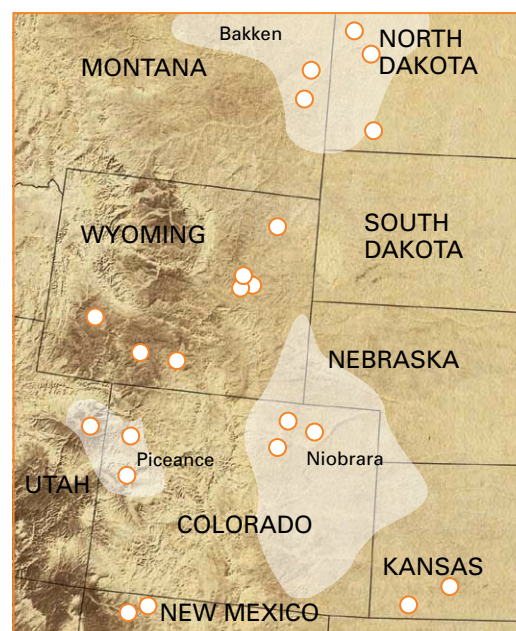


Our core operations are located in the Permian Basin, a vital energy region noted for its rich petroleum and natural gas deposits within a 150-mile radius of Midland, Texas, where Basic's headquarters are situated. More than 40% of our company's revenues come from the Permian Basin, which produces 17% of the nation's crude oil and two-thirds of Texas' crude oil. The application of improved drilling techniques and technology is helping investments go further in the region than previously possible. Producers are increasing output by using advanced drilling and completions techniques in established fields to unlock more resources.

Driving Performance the Basic Way

At Basic our range of services enables us to provide customers with the best servicing solutions regardless of the challenge, complexity or phase in the well lifecycle. Local leadership and deep knowledge of the areas in which we operate drive our performance and growth. With operations managed locally by people who have worked and lived in their region for years, we offer services that range from breaking ground at the site to drilling, production and workovers as well as plugging and abandonment. We support these regions with our national infrastructure, our strong balance sheet, our financial management systems and our comprehensive training and safety programs.

In 2011 Basic took advantage of its footprint to reposition equipment from gas markets to oil markets where activity was much greater. We also spent over \$275 million in expanding our capabilities. All of Basic's service segments posted double-digit increases in revenues in 2011 due to increased demand for our expertise.



Rocky Mountain Region

Basic Energy Services is active in the Rocky Mountain region, an important area that holds some of the largest shale oil deposits in the world.

Completion and Remedial Services

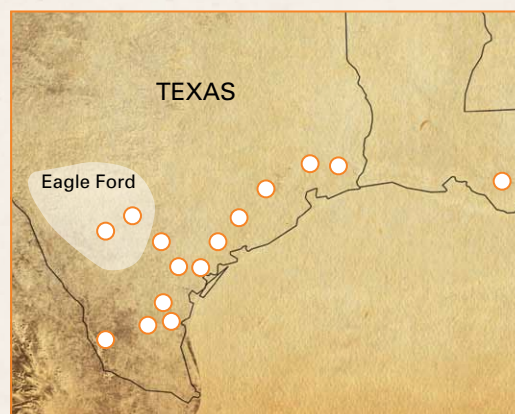
Basic operates a broad array of equipment used in cementing and drilling throughout the life of the well to optimize production. We offer comprehensive and reliable services that focus on the completion of newly drilled wells or re-entries and maintenance or remedial services to existing wellbores. Basic maintains a fleet of over 220 pressure pumping units and supports overall production with services that include rental and fishing tools, cased hole wireline services, tubing testing, rig-assisted snubbing and under-balanced drilling. In 2011 we added 60,000 hhp from the Maverick acquisition and our pumping horsepower grew 90%. Completion and Remedial Services provided the largest growth in revenue again this year with Pumping Services accounting for much of that success.

Fluid Services

Basic's Fluid Services segment provides oilfield fluid supply, transportation and storage services using a fleet of 890 fluid services trucks supported by portable storage tanks, water wells, disposal facilities and related equipment. From over 40 service points, we provide efficient and reliable dispatching via a fleet equipped with state-of-the-art global positioning systems. During the year, we added 90 fluid service trucks and 661 frac tanks. This segment posted significant gains in 2011 due to continued activity in the Permian Basin, Bakken Shale and Eagle Ford play.

Well Servicing

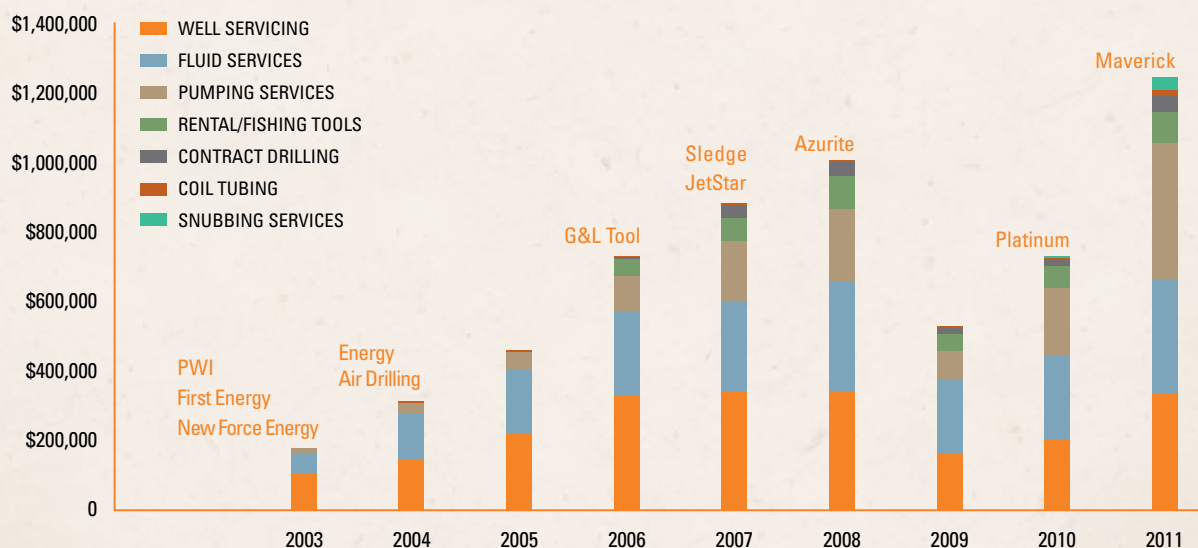
Leveraging a fleet of 417 mobile well servicing rigs, Basic's Well Servicing segment provides a wide range of services to improve production throughout the life of the well. From well completion, well bore maintenance and workover procedures to plugging and abandonment, we provide critical services that sustain and optimize production. We have the right equipment to handle any



Gulf Coast Region

Basic's main focus in the Gulf Coast region is Fluid Services and Well Servicing. Included in our Gulf Coast footprint is the Eagle Ford region, one of the most significant shale reservoirs in the U.S.

REVENUE SUMMARY BY SERVICE WITH MAJOR ACQUISITIONS HIGHLIGHTED





Our path to growth takes Basic to key areas such as Minden, Louisiana in the Ark-La-Tex region where our well servicing crews provide solid performance in the field.





Pumping horsepower
grew by 90% in 2011.

job for virtually any well within our footprint. During 2011 robust demand in our oil and liquids driven markets resulted in high utilization of these services.

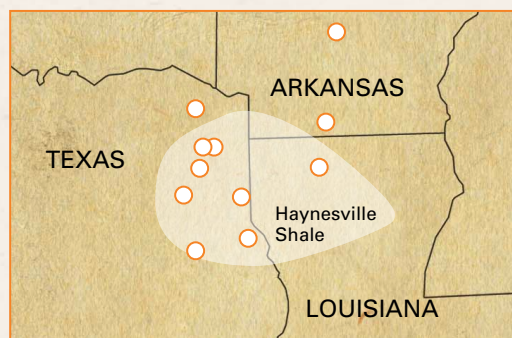
Contract Drilling

Basic leverages its fleet of well-equipped drilling rigs to perform the vital function of drilling the initial wellbore. We focus on development drilling programs that are active throughout the cycle with two new diesel electric rigs rated to 16,000 ft, three 'Super Single' rigs rated to 13,000 ft, six rigs rated to 8,500 ft, two 24-hour workover rigs rated to 20,000 ft and one pre-set surface rig rated to 5,000 ft. In 2011 we doubled both our fleet size and its capability. Our strength was augmented with the addition of the three 'Super Single' class 1,000 hp rigs and a smaller rig designed for casing pre-sets. With customers pursuing aggressive drilling programs in the Permian Basin, this segment experienced strong demand through the year.

Growing According to Strategy

In 2011 Basic made four acquisitions that increased our services and strength. The acquisition of Maverick Companies, the largest purchase Basic has made to date, enabled us to build our service capabilities within our footprint in the Rocky Mountain market. Maverick provides stimulation, coil tubing and thru-tubing services from operating bases in Ft. Morgan, Grand Junction and Trinidad, Colorado; Farmington, New Mexico; Vernal, Utah; and Bartlesville, Oklahoma. As of the date of the acquisition, Maverick employed more than 180 people and operated approximately 60,000 horsepower in its

stimulation segment and seven coil tubing spreads. Maverick's experienced management and well-trained field personnel combined with its high quality, late-model equipment have developed the company's reputation as a first-class service provider in markets where, for the most part, we did not compete. We look forward to providing the Maverick management team the resources necessary to continue building service capabilities within our footprint in the Rocky Mountain market.



Ark-La-Tex Region

The Ark-La-Tex region extends from northwestern Louisiana to southwestern Arkansas and eastern Texas. Home to the Haynesville shale play, Basic operates its Fluid Services, Pumping Services and Well Servicing in this vital area.

Lone Star Anchor

As a result of the Lone Star Anchor Trucks acquisition, Basic added 33 trucks to its fluid service truck count. The purchase also includes two salt-water disposal wells and two disposal wells. Those additional disposal wells have been permitted, not completed. Those additional disposal facilities will play an important role in the continued expansion of our fluid services segment as the Wolfberry play drives increased drilling and frac activity in that section of the Permian Basin.

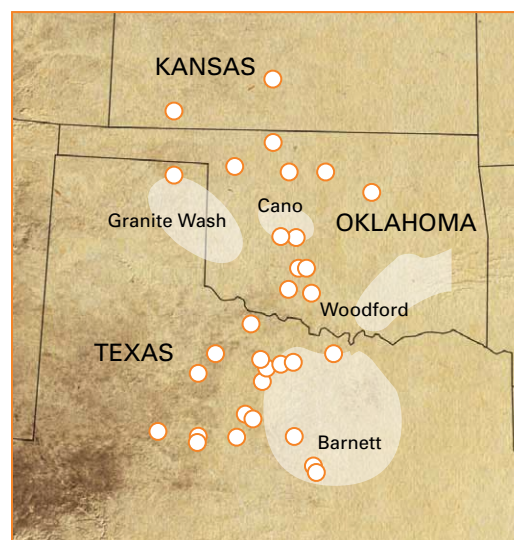
Pat's P&A

We also closed the purchase of the assets of Pat's P&A, Inc., a company based in Corpus Christi, Texas, focused on providing plugging and abandonment services primarily in the South Texas market. The Pat's acquisition adds five plugging and abandonment (P&A) rigs and related equipment to our South Texas well servicing rig fleet. The company offers zone abandoning by setting a bridge plug or squeezing with cement, setting balanced cement plugs, cutting and removing tubing and/or casing, and surface plugs setting services. It also provides well servicing, coil tubing, electric wireline and casing jacks, as well as the sale of equipment and salvage, such as used casing, tubing packers, and wellheads. The Pat's organization and fleet provides a platform to build a comprehensive P&A service in our South Texas operations similar to our P&A business in the Permian Basin, where we have a leading market position with 17 rigs dedicated to full service P&A activity.

CryoGas Services

Basic's acquisition of CryoGas Services based in Duncan, Oklahoma, added five nitrogen pumping units and two nitrogen transports while significantly expanding our current nitrogen pumping capability within our Completion and Remedial Services segment.

As we move forward, acquisitions will continue to play a key role in Basic's growth.



Mid Continent Region

In the Mid Continent region, which extends from northern Texas to Oklahoma, Basic focuses on providing Well Servicing, Fluid Services, Pumping Services and Rental/Fishing Tools to customers in this crucial area.



We acquired seven new coil tubing spreads and an additional 60,000 horsepower in our stimulation fleet.



Basic maintains 22 rental/fishing tool stores located in Texas, New Mexico, Colorado and Oklahoma.

Strong Presence. Solid Path.

2011 was a year of positive execution with Basic continuing to capitalize on its strong presence in the country's most prolific oil and gas regions. Our company continued to grow with acquisitions and now offers an even wider range of services. Looking forward, we see more opportunities to grow each business line, particularly in the areas of drilling, coil tubing and snubbing. As our customers optimize existing production, well servicing services are poised to increase, and analysts project an increase in spending of 10% or more in U.S. oil and gas drilling production in most of the areas in which we work. With Basic's footprint, service range and diverse customer base, our services will remain in demand throughout the life of the well and through every cycle. From breaking ground at the site to drilling, production and workovers as well as plugging and abandonment, we are always close to the field, meeting our customers' needs quickly while creating lasting relationships in the regions in which we operate.

Basic's financial stability will enable us to continue expanding our footprint in various segments and making new value-based acquisitions that fit our growth strategy. The exceptional results we achieved in 2011 are particularly positive indicators for 2012 as we recorded our tenth consecutive sequential quarterly increase in both metrics despite the seasonal factors that typically result in a reduction in activity at year-end. Looking forward, we anticipate increases in revenue and earnings through 2012 led by expectations for strong market

conditions in our footprint and the contribution from the planned growth in our fleet. As always we will continue to focus on opportunities through a disciplined approach to earn the best rate of return for our shareholders.



Permian Basin Region

In the Permian Basin region, Basic's activity continues to grow in this significant oil producing province containing an estimated 30 Bbbl of remaining mobile oil.



In the Rocky Mountain region, Basic's expanded coil tubing capabilities enable us to create an increased service path within our footprint in the market.





RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA
(in millions)

	2011	2010	2009	2008	2007
Net Income (Loss)	\$47	\$(43)	\$(254)	\$68	\$88
Goodwill Impairment	-	-	204	22	-
Merger-Related Income	-	-	-	(12)	-
Loss on Early Extinguishment of Debt	49	-	4	-	-
Gain on Bargain Purchase	-	(2)	-	-	-
Income Taxes	32	(25)	(88)	55	53
Net Interest Expense	52	46	32	25	25
(Gain) Loss on Disposal of Assets	1	3	3	-	-
Depreciation & Amortization	154	135	133	119	93
Adjusted EBITDA	\$335	\$114	\$34	\$277	\$259

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

	2011	2010	2009	2008	2007
Reported Diluted EPS	\$1.14	\$(1.10)	\$(6.39)	\$1.64	\$2.13
Impact of Non-Cash Goodwill Impairment Charge, After Tax	-	-	4.20	0.27	-
Impact of Early Extinguishment of Debt, After Tax	0.77	-	0.06	-	-
Impact of Merger Termination Costs, After Tax	-	-	-	0.09	-
Impact of Gain on Bargain Purchase, After Tax	-	(0.04)	-	-	-
Impact of Sale of Office Complex, After Tax	(0.04)	-	-	-	-
Adjusted Diluted EPS	\$1.87	\$(1.14)	\$(2.13)	\$2.00	\$2.13

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. Fulton²***Director***Sylvester P. Johnson, IV²***Director***Antonio O. Garza, Jr.³***Director***Thomas P. Moore, Jr.^{1,2}***Director*¹ Audit Committee² Nominating and Corporate Governance Committee³ 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, Chief Operating Officer***James F. Newman***Group Vice President, Permian Business Unit***Jim Tyner***Vice President, Human Resources***Doug Rogers***Vice President, Corporate Marketing***Cody Bissett***Vice President, Controller and Chief Accounting Officer***Tim Dame***Vice President, Pumping & Wireline Services Division***Trampas Poldrack***Vice President, Safety and Operations Support***SENIOR MANAGEMENT****Roger Massey***Vice President, Ark-La-Tex Region***Lynn Wigington***Vice President, Permian Business Unit, Rig and Truck Operations***Charles W. Swift***Vice President, Gulf Coast Region***Jerry Tufly***Vice President, Rocky Mountain Region***Randy Franklin***Vice President, Mid Continent Region***Bobby Adkins***Vice President, Downhole Services Support***Ron Scandolari***Vice President, Drilling***Mark D. Rankin***Vice President, Risk Management***Charles McIntyre***Vice President, Information Technology***CORPORATE OFFICE****Basic Energy Services**

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