



LOCAL LEADERSHIP, NATIONAL TEAMWORK

2013 Annual Report



LETTER TO OUR SHAREHOLDERS



ABOUT BASIC

Basic Energy Services provides a range of services to America's oil and gas producers. Our operations span the heartland of domestic onshore production from Texas, Louisiana, Oklahoma, New Mexico, Arkansas and Kansas to the Appalachian Region, North Dakota and Rocky Mountain states. Our services support the entire life cycle of the well – from drilling, completion, maintenance, workover and finally, abandonment. Our headquarters in Fort Worth, Texas, supports six geomarkets conducting operations in the Gulf Coast region, the Ark-La-Tex region, the Permian Basin, the Mid Continent, the Appalachian region and the Rocky Mountains.



Throughout our company, 2013 was a time of adhering to the strengths and values that have made Basic successful since it was first established. To that point, I would like to begin this year's Annual Report by acknowledging the important contributions Ken Huseman has made to the success of Basic Energy Services during his tenure as President and CEO over the past 14 years. Through his leadership, our company has steadily grown while building a reputation for quality throughout the oilfield. Moving forward, I am pleased to say that we have a strong management team in place with many years of experience. We are enthusiastic and energized about the future of our company.

A COMPETITIVE YEAR

After experiencing solid growth in recent years, Basic Energy Services saw 2013 as a transitional year. A number of factors affected activity throughout 2013, resulting in a flat period in terms of growth, spending and rig count.

Market competition was intense across North America due to oil-centered activity pushing capacity out of slow gas markets and into crowded oil markets.

Oil and gas producers' continued shift from dry gas-focused to oil-focused drilling made for a competitive environment in oil markets with respect to pricing. In addition, after customers spent heavily in early 2012 in excess of cash flow, they were more cautious in the latter part of that year and the majority of 2013, keeping their capital spending programs at or below their cash flow levels. With that said, I am pleased to say that our local leadership, geographic footprint and modern fleet continued to make us competitive everywhere we operate, and allowed us to protect our market share.

Our fundamentals are excellent: we are strategically located in high-activity basins such as the Permian Basin. We have a high-quality customer base and a solid revenue stream.

MAINTAINING MARKET SHARE

During the year, Basic Energy Services maintained its presence in the major oil and gas markets within our service reach. We were able to respond quickly to customer needs by deploying our best-in-class services, equipment and personnel to markets as required with minimal time and cost. Our pricing remained relatively stable throughout 2013; however, we were also aggressive with pricing when needed. In terms of safety, we continued to improve with sequential reduction in our incident rate. Looking forward, we believe that the long-term outlook for our markets remains very positive as the industry continues to aggressively drill for unconventional reserves while also continuing the exploitation of legacy mature fields.

A DISCIPLINED APPROACH

Disciplined financial management and a focus on balance sheet protection have served Basic and its shareholders well through the ups and downs of the energy services industry. In response to our customers' weaker capital campaigns in 2013, we reined in discretionary spending,

and reduced our costs and capital expenditures (CAPEX). In addition, we maximized our footprint and re-allocated assets to improve utilization. All told, we exited 2013 in a healthy financial position. This financial strength enables us to weather market fluctuations, pursue acquisition opportunities should we find the right strategic fit, and continue to enhance our service offerings.

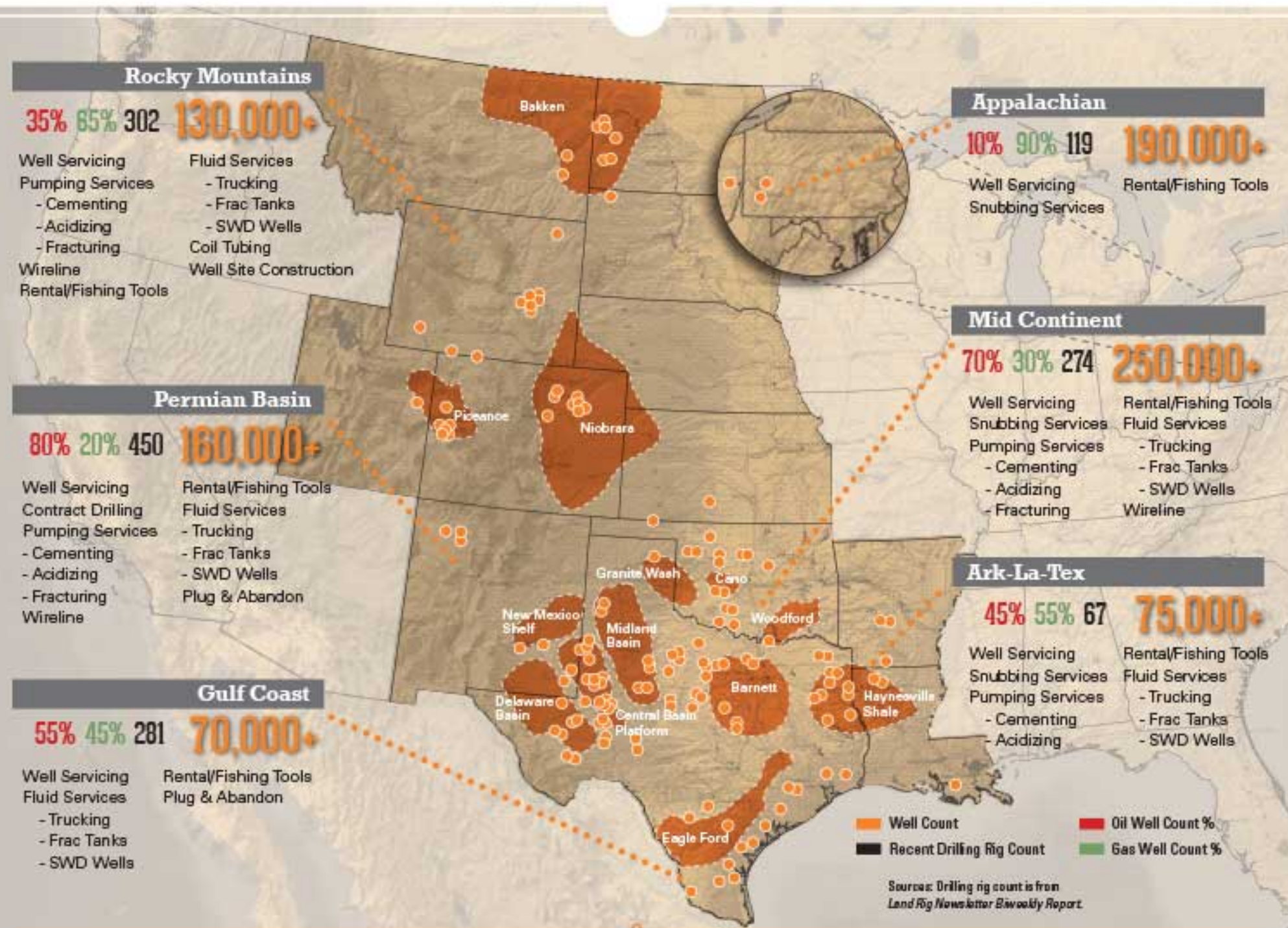
LOCAL LEADERSHIP DRIVES PERFORMANCE

A major cornerstone of Basic's success is the collective experience, expertise and performance of our employees. Local leadership differentiates our company and ensures our customers benefit from unparalleled regional expertise and responsiveness across every segment. With operations managed locally by people who have worked and lived in their region for years, we have developed good long-term relationships with our customers.

Lasting customer relationships have been a critical part of Basic's success and are founded on our people performing reliably in all places and operating conditions, as they did

Working together, our people protected Basic's leadership position in coil tubing. In the Rocky Mountain region, as elsewhere, our equipment ensures quick rig-up and rig-down and a small footprint.

Extensive Footprint in Prolific Basins



in 2013. No matter the economy or industry shifts, our people can be counted on to rise to the challenge.

PREPARED TO CAPITALIZE ON OUR POSITION

To capitalize on markets that hold opportunity for expansion of activities, revenue and profits, we re-allocated equipment and reduced our position in dry-gas fields during the year to a level we can sustain. We also increased our saltwater disposal network, and now own 81 saltwater disposal facilities in Texas, Oklahoma, North Dakota, New Mexico and Louisiana. These facilities augment our existing fluid services operations and anchor the expansion of our integrated fluid services capabilities in a large and growing portion of the energy services business. Our assets are well configured for the increase in horizontal drilling activity and pad drilling. As technological advances continue, Basic will be a direct beneficiary.

Basic is also poised to take advantage of gas as prices come back. Our long-term view of gas is that prices will recover based on improvements in the economy and a growing worldwide demand for natural gas.

Our fundamentals are excellent: we are strategically located in high-activity basins such as the Permian Basin. We have a high-quality customer base and a solid revenue stream. The quality of our workforce, its safety performance and the reliance on strong field leadership are ingredients for a proven strategy throughout every market cycle.

A POSITIVE OUTLOOK FOR 2014

We exited 2013 with confidence and a strong financial position, and foresee 2014 driving further growth in our business. We are encouraged by announcements made by our customers in regards to capital spending in 2014 and look forward to greater activity over the next 12 months.



As we move forward, we will evaluate acquisition opportunities that will increase our footprint, expand our capabilities and consolidate our market position.

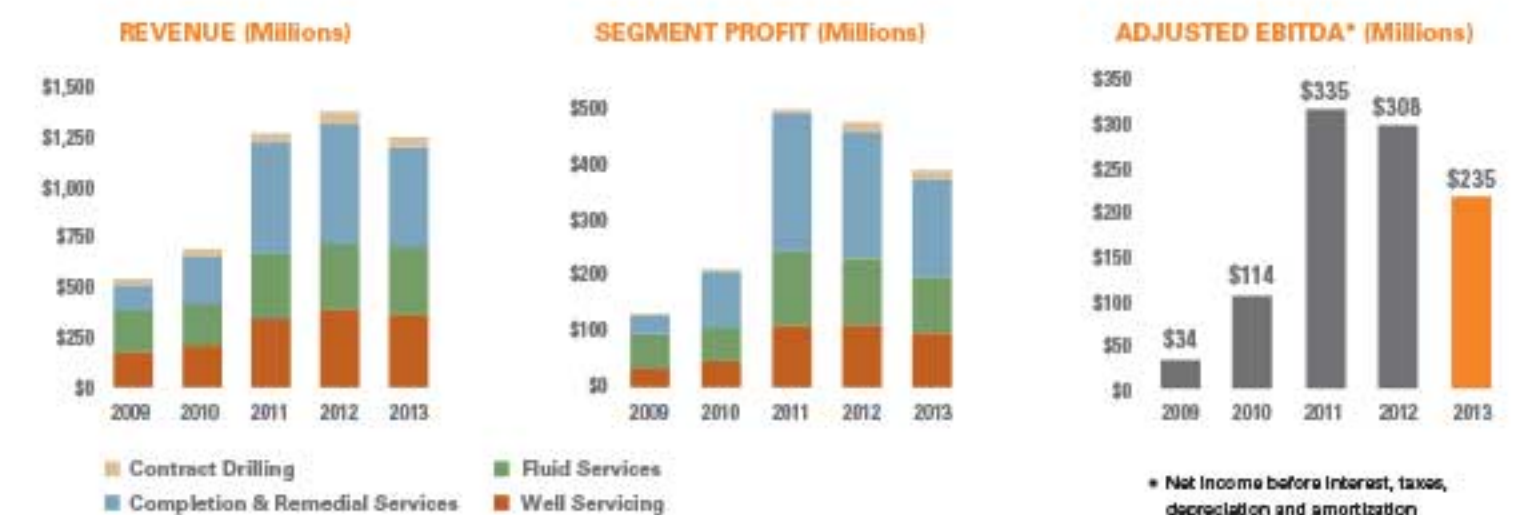
We are enthusiastic about the year ahead, and we will continue to deliver on our services through local leadership and national teamwork. On a personal note, I would like to thank our employees, customers, shareholders, board of directors and suppliers whose support and commitment enable Basic Energy Services to grow, thrive and continue to be an industry leader.

Thank you for your interest in our company.

T. M. "Roe" Patterson
Chief Executive Officer and President

Our local operations are supported by Basic's national vision, operating policies and safety programs. This solid regional expertise and national support are at the core of Basic's strengths.

Financial Highlights



OUR PEOPLE MAKE OUR PERFORMANCE POSSIBLE



Basic's diversified service offerings, extensive footprint and leadership positions in prolific U.S. basins are all reasons why we have experienced steady growth since inception. Underpinning these strengths is the local leadership Basic has in every region we operate. Our local leaders are the foundation on which we continue to build our services and our company.

Our local management teams have regional knowledge and years of industry experience. This knowledge of their basins and strong regional relationships allow for a unique understanding of the challenges customers have in different regions, and insights into developing more efficient and effective services. Having the best people in local markets is not only a differentiator for Basic, but also competitive advantage. Once again this past year, our local leaders made all the difference in maintaining market share for Basic, enabling us to cut costs as needed and realign resources when required.

Local leadership together with national teamwork is the foundation of Basic's performance.



WORKING WITH A PROVEN STRATEGY

During 2013, Basic continued to execute on a proven strategy that has served us well since our beginnings. We provide services for the life of the field and follow the well count to maximize the utilization of our broad range of services. Our services can be employed by well owners regardless of the direction and level of oil and gas prices.

Our combination of organic and acquisition growth has also been core to Basic's success. Moving ahead, we will



Our Fluid Services team continued to excel across our footprint as we grew this business and added LNG burning trucks to meet increased demand.



From Basic's headquarters in Fort Worth to six critical geomarkets in the U.S., our people support local operations that span the heartland of domestic on-shore oil and gas production.



maintain this approach and pursue opportunities as they arise. Furthermore, Basic's decentralized model allows local leadership to participate in identifying and assisting in the evaluation of acquisitions and opportunities for organic growth.

THE PERMIAN BASIN DYNAMIC

Basic's legacy position in the Permian Basin and our numerous yard locations within the field allow us to capitalize on the growth that this basin has experienced over the past several quarters. Combined with a vast inventory of legacy oil and gas producing zones, new formations, new frac techniques, horizontal drilling and a growing well count make the Permian Basin one of the leading areas for growth in the domestic United States. Approximately 45% of Basic's revenue is derived from the Permian Basin. With this kind of exposure, we expect to benefit directly from every current growth initiative within the region.

A CHANGING ENERGY LANDSCAPE

A dramatic shift towards oil-directed activity is occurring, and improved technologies are enabling producers to unlock unconventional oil reservoirs while revitalizing older producing zones. The rise of shale plays and horizontal drilling has increased demand for Basic's services. In terms of oil-driven activity, Basic's top areas are the Permian Basin, Mid Continent, Eagle Ford Shale, Niobrara Shale and



Bakken Shale. As a result, our customers' needs and expectations have grown accordingly.

A TESTAMENT TO TEAMWORK

Local leadership together with national teamwork is the foundation of Basic's performance. Basic's leaders move and share equipment across every region as customer demand dictates. This supportive culture on a national scale ensures capable equipment, cohesive systems, policies, operating procedures and safety compliance across the company.

Services For The Life Of The Well



DRILLING

Contract Drilling
Fluid Services
Pumping Services
Rental/Fishing Tools



COMPLETION

Well Servicing
Pumping Services
Fluid Services
Rental/Fishing Tools
Wireline
Coil Tubing/Snubbing



MAINTENANCE SERVICES

Well Servicing
Pumping Services
Fluid Services
Rental/Fishing Tools
Wireline
Coil Tubing/Snubbing



WORKOVER

Well Servicing
Pumping Services
Fluid Services
Rental/Fishing Tools
Wireline
Coil Tubing/Snubbing



PLUG & ABANDON

P&A Services
Well Servicing
Fluid Services
Pumping Services
Wireline
Rental/Fishing Tools
Coil Tubing/Snubbing

Piceance

Denver

Niobrara



THE PEOPLE, THE SERVICES, THE COMMITMENT TO DELIVER CONSISTENT PERFORMANCE

During 2013, our strong customer relationships, range of services and cost management contributed to Basic generally sustaining its market share and margins. Our diverse “life of the well” services position us strategically in highly active plays. To that point, our business segment with the most potential for growth is Completion and Remedial Services. We will continue to grow our completion and remedial business, expanding our pumping services, rental and fishing tools and coil tubing. We will also continue to grow Fluid Services, where we ended the year with 81 saltwater disposal facilities, an increase of ten from 2012. We plan to increase our fully integrated fluid service business in 2014 by expanding our saltwater disposal facility network as well as our fluid service truck fleet.

Basic groups its services in four business segments: Completion and Remedial Services, Fluid Services, Well Servicing and Contract Drilling. This range of services enables us to provide customers with the best servicing solutions regardless of the challenge, complexity or phase in the well life cycle.

COMPLETION AND REMEDIAL SERVICES

Basic's Completion and Remedial Services accounts for 40% of the company's revenue. During 2013, this segment's rental and fishing tools business was the best



performing sector in the company. With the energy industry's intense focus on development of unconventional oil and liquids-rich gas producing reservoirs, more wells are being drilled horizontally. As the horizontal well count increases, we will continue to expand our rental and fishing tools offering with tools, equipment and personnel to handle the activity. We have a good horizontal configuration of assets today and will grow it as the horizontal well count increases.

Within this business segment, pumping services has been another successful line of business for Basic, but also remained highly competitive in 2013. Through the work of our local leaders, we protected our market share in this very competitive arena. Because we were able to maintain market share and because activity levels look promising for 2014, we expect pumping services to grow throughout the coming year.

FLUID SERVICES

Basic's Fluid Services accounts for 27% of our company's revenue. Competition was stiff in 2013, as trucking fleet operators crowded into oily markets. However, Basic's saltwater disposal network has enabled us to outperform others even in the current environment. In 2013, we increased truck hours and maintained flat margins, delivering performance greater than that of our competition. Fluid Services is becoming a more logistical business. In this area, Basic is a leader in providing a holistic approach to all fluid needs of our customers.



With Rental & Fishing Tool stores located in Texas, Colorado, New Mexico, Oklahoma, Utah and Ohio, the Basic team maintains a leadership position in this service segment.



MOVING FORWARD, ENGAGED AND ENERGIZED AS ONE TEAM

While 2013 was a year of maintaining market share, we are poised for greater activity in 2014. The fundamentals are all solidly in place: We have an extensive footprint, a diverse service range, an expanded organic growth plan and the financial resources to make acquisitions should the right opportunity arise. Most of all, Basic has the right people who are energetic, enthusiastic and continually capitalize on our strengths.

Our goal remains the same as always: To be the best well site service company in our market areas as measured by customer satisfaction, safe operational excellence, financial returns and motivated employees. As we look to the future, we are keeping a sharp eye on the climate of the energy industry. Our business model and our footprint allow us to proactively adjust to industry activity and commodity price fluctuations as required. Regardless of market changes, our local teams can be counted on to meet the challenge. In 2014, as in years past, our people will be at the core of our success.



WELL SERVICING

Well Servicing accounts for 29% of Basic's revenue and is our most stable offering from a pricing standpoint. Utilization of our well servicing rigs, which includes well maintenance, workover and completions services, as well as plug and abandonment, was solid in 2013. To perform these services, Basic uses a modern and well-maintained fleet of 425 well servicing rigs to meet every market demand to support production throughout the life of the well. Basic's well servicing fleet is also strategically configured to meet the growing demands of horizontal wells.

CONTRACT DRILLING

As our smallest business segment, Basic's Contract Drilling segment accounts for 4% of the company's revenue. In this area, Basic performs vertical and horizontal drilling in the Permian Basin. In 2013, we maintained a stable utilization rate and continued our strategy of conducting contract drilling only in the Permian Basin. During the year, the industry saw a shift to longer lateral horizontal drilling. However, there are a number of legacy vertical drilling programs ongoing, and in 2014 customer CAPEX will continue to support these programs. Our horizontal rigs maintained high utilization rates and strong demand.



Safe and reliable operations are the foundation of our business and our success. As a company and as individuals, we ensure that safety will always be our number one priority.



RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA
(in millions)

	2013	2012	2011	2010	2009
Net Income (Loss)	\$(36)	\$21	\$47	\$(43)	\$(254)
Loss on Goodwill Impairment	-	-	-	-	204
Loss on Early Extinguishment of Debt	-	8	49	-	4
Gain on Bargain Purchase	-	(1)	-	(2)	-
Income Taxes	(20)	11	32	(25)	(88)
Net Interest Expense	67	62	52	46	32
Depreciation & Amortization	210	187	154	135	133
Loss on Disposal of Assets	3	3	1	3	3
Loss on Executive Severance	1	-	-	-	-
Loss on Legal Settlement	8	-	-	-	-
Loss on Sales and Use Tax Audit	2	7	-	-	-
Gain on Texas Margin Tax Refund	-	2	-	-	-
Loss on Relocation Liability	-	8	-	-	-
Adjusted EBITDA	\$235	\$308	\$335	\$114	\$34

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

	2013	2012	2011	2010	2009
Reported Diluted EPS	\$(0.89)	\$0.51	\$1.14	\$(1.10)	\$(6.39)
Loss on Executive Severance, After Tax	0.01	-	-	-	-
Loss on Goodwill Impairment, After Tax	-	-	-	-	4.20
Loss on Early Extinguishment of Debt, After Tax	-	0.12	0.77	-	0.06
Loss on Legal Settlement, After Tax	0.13	-	-	-	-
Gain on Bargain Purchase, After Tax	-	(0.01)	-	(0.04)	-
Gain on Sale of Office Complex, After Tax	-	-	(0.04)	-	-
Loss on Relocation Liability, After Tax	-	0.12	-	-	-
Loss on Sales and Use Tax Audit, After Tax	0.04	0.09	-	-	-
Gain on Texas Margin Tax Refund, After Tax	-	(0.03)	-	-	-
Adjusted Diluted EPS	\$(0.71)	\$0.80	\$1.87	\$(1.14)	\$(2.13)

BOARD OF DIRECTORS

T.M. "Roe" Patterson
President, Chief Executive Officer and Director

Steven A. Webster
Chairman of the Board

Ken V. Huseman
Director (former President, Chief Executive Officer of Basic Energy Services)

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 Committee

² Nominating and Corporate Governance Committee

³ Compensation Committee

EXECUTIVE MANAGEMENT

T. M. "Roe" Patterson
President, Chief Executive Officer and Director

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

James F. Newman
Senior Vice President, Region Operations

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 Services Division

Trampas Poldrack
Vice President, Safety and Operations Support

Brett Taylor
Vice President, Manufacturing and Equipment

SENIOR MANAGEMENT

Roger Massey
Vice President, Ark-La-Tex Region

Lynn Wigington
Vice President, Permian Business Unit

Brandon McGuire
Vice President, Gulf Coast Region

Jerry Tuffy
Vice President, Rocky Mountain Region

Lance Green
Vice President, Mid Continent Region

Ron Scandolari
Vice President, Drilling

Mark Rankin
Vice President, Risk Management

Barbara S. Wood
Vice President, Information Systems and Technology

Jeff Stewart
Vice President, Safety and Training

Mike Dye
Vice President, Financial Services and Assistant Treasurer

Richard Robertson
Vice President, Mid Continent District, Pumping Services Division

Dan Klaus
Vice President, Rocky Mountain District, Pumping Services Division

Steve Newman
Vice President, Permian Basin District, Pumping Services Division

Cheryl Majors
Vice President, Taylor Operations

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