

BASIC ENERGY SERVICES INC

Form DEF 14A

April 21, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant **☐**

Filed by a Party other than the Registrant **☐**

Check the appropriate box:

- ☐** Preliminary Proxy Statement
- ☐** **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☐** Definitive Proxy Statement
- ☐** Definitive Additional Materials
- ☐** Soliciting Material Pursuant to §240.14a-12

Basic Energy Services, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☐** No fee required.
- ☐** Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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**Basic Energy Services, Inc.
500 W. Illinois, Suite 100
Midland, Texas 79701**

**NOTICE OF THE 2011
ANNUAL MEETING OF STOCKHOLDERS**

The 2011 Annual Meeting of Stockholders of Basic Energy Services, Inc. will be held on Tuesday, May 24, 2011, at 10:00 a.m. local time, at the Petroleum Club of Midland, located at 501 W. Wall, Midland, Texas 79701, for the following purposes:

1. To elect three Class III directors to serve a three-year term;
2. To approve an amendment to the Fourth Amended and Restated Basic Energy Services, Inc. 2003 Incentive Plan to increase the number of shares of our common stock authorized for issuance thereunder from 7,100,000 shares to 8,350,000 shares;
3. To approve an advisory vote on executive compensation;
4. To approve an advisory vote on the frequency of future advisory votes on executive compensation;
5. To ratify the appointment of KPMG LLP as our independent auditor for fiscal year 2011; and
6. To transact such other business as may properly come before the meeting, or any adjournment of it.

Stockholders of record at the close of business on April 8, 2011 are entitled to vote at the meeting or any adjournment. A list of such stockholders will be available for examination by a stockholder for any purpose germane to the meeting during ordinary business hours at our offices at 500 W. Illinois, Suite 100, Midland, Texas 79701 during the ten days prior to the meeting. Stockholders holding at least a majority of the outstanding shares of our common stock are required to be present or represented by proxy at the meeting to constitute a quorum.

Please note that space limitations make it necessary to limit attendance at the meeting to stockholders, though each stockholder may be accompanied by one guest. Admission to the meeting will be on a first-come, first-served basis. Registration will begin at 9:30 a.m. and seating will begin at 9:45 a.m. Each stockholder may be asked to present valid picture identification, such as a driver's license or passport. Stockholders holding stock in brokerage accounts must bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the meeting. You may obtain directions to the Petroleum Club of Midland by calling (432) 682-2557.

Important Notice Regarding the Availability of Proxy Materials for the 2011 Annual Meeting of Stockholders to Be Held on May 24, 2011: This notice, the proxy statement for the 2011 Annual Meeting of the Stockholders

and our annual report on Form 10-K for the fiscal year ended December 31, 2010 are available at <https://www.proxydocs.com/BAS>.

By Order of the Board of Directors,

Alan Krenek,
Secretary

Midland, Texas
April 21, 2011

YOUR VOTE IS IMPORTANT

TO ASSURE YOUR REPRESENTATION AT THE MEETING, PLEASE SIGN, DATE AND RETURN YOUR PROXY AS PROMPTLY AS POSSIBLE. AN ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES, IS ENCLOSED FOR THIS PURPOSE.

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**PROXY STATEMENT
FOR ANNUAL MEETING OF STOCKHOLDERS
MAY 24, 2011**

GENERAL

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors in connection with the 2011 Annual Meeting of Stockholders (the *2011 Annual Meeting*) of Basic Energy Services, Inc., a Delaware corporation (the *Company*), to be held at the Petroleum Club of Midland, located at 501 W. Wall, Midland, Texas 79701, on Tuesday, May 24, 2011, at 10:00 a.m. local time. Stockholders of record at the close of business on April 8, 2011, are entitled to notice of, and to vote at, the meeting and at any postponement or adjournment.

When a properly executed proxy is received prior to the meeting, the shares represented will be voted at the meeting in accordance with the directions noted on the proxy. A proxy may be revoked at any time before it is exercised by submitting a written revocation or a later-dated proxy to the Secretary of the Company at the mailing address provided below or by attending the meeting in person and so notifying the inspector of elections.

Management does not intend to present any business for a vote at the 2011 Annual Meeting, other than (i) the election of directors, (ii) the approval of an amendment to the Fourth Amended and Restated Basic Energy Services, Inc. 2003 Incentive Plan to increase the number of shares of our common stock authorized for issuance thereunder, (iii) the approval of an advisory vote on executive compensation, (iv) the approval of an advisory vote on the frequency of future advisory votes on executive compensation and (v) the ratification of KPMG LLP as the Company's independent auditor for fiscal year 2011. **Unless stockholders specify otherwise in voting instructions to their broker, their shares (i) will not be voted in (a) the election of the nominees listed in this proxy statement, (b) the approval of an amendment to the Fourth Amended and Restated Basic Energy Services, Inc. 2003 Incentive Plan (the *2003 Incentive Plan*) to increase the number of shares of our common stock authorized for issuance thereunder, (c) the approval of an advisory vote on executive compensation or (d) the approval of an advisory vote on the frequency of future advisory votes on executive compensation, and (ii) will be voted FOR the ratification of the independent auditor.** If other matters requiring the vote of stockholders properly come before the meeting, it is the intention of the persons named in the enclosed proxy card to vote proxies held by them in accordance with their judgment.

The complete mailing address of the Company's executive offices is 500 W. Illinois, Suite 100, Midland, Texas 79701. The approximate date on which this proxy statement and the accompanying proxy card are first being sent or given to the stockholders of the Company is April 21, 2011.

VOTING PROCEDURES

A majority of the outstanding shares of our common stock present or represented by proxy at the 2011 Annual Meeting will constitute a quorum for the transaction of business. Broadridge Financial Solutions, Inc. will tabulate all votes cast, in person or by submission of a properly executed proxy, before the closing of the polls at the meeting. The Company will appoint an inspector of elections at the meeting.

The affirmative vote of holders of a plurality of our common stock present or represented by proxy at the meeting and entitled to vote is required for the election of each nominee for director. Under Delaware law, a broker non-vote or an

abstention is not considered to be a vote cast for any proposal and will not have any impact on the outcome of such proposal. Broker non-votes occur when brokers, banks or other nominees that hold shares on behalf of beneficial owners do not receive voting instructions from the beneficial owners prior to the meeting and do not have discretionary voting authority to vote those shares. Brokers that have not received instructions from the beneficial owners are permitted to vote on discretionary items, but they are not permitted to vote (a broker non-vote) on non-discretionary items absent instructions from the beneficial owner. Brokers no longer have

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discretionary voting authority with respect to the election of directors. Abstentions and broker non-votes will count in determining whether a quorum is present at the 2011 Annual Meeting. As a result, both abstentions and broker non-votes will not have any effect on the outcome of voting on director elections.

For (i) approval of an amendment to the Fourth Amended and Restated Basic Energy Services, Inc. 2003 Incentive Plan to increase the number of shares of our common stock authorized for issuance thereunder, (ii) approval of an advisory vote on executive compensation, (iii) approval of an advisory vote on the frequency of future advisory votes on executive compensation, (iv) ratification of the independent auditor and (v) any other matters presented for a vote of stockholders, the affirmative vote of holders of a majority of our common stock present or represented by proxy at the meeting and entitled to vote is required. As a result, abstentions and broker non-votes will have the same practical effect as votes against these proposals. Because brokers generally have discretionary authority to vote on the ratification of our independent auditors, broker non-votes are generally not expected to result from the vote on this proposal.

Stockholders who send in proxies but attend the meeting in person may vote directly if they prefer and withdraw their proxies or may allow their proxies to be voted with the similar proxies sent in by other stockholders.

VOTING SECURITIES

On April 8, 2011, the record date, there were outstanding 42,187,282 shares of our common stock held of record by approximately 322 persons. Stockholders are entitled to one vote, exercisable in person or by proxy, for each share of our common stock held on the record date. Stockholders do not have cumulative voting rights.

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Board of Directors. The Company's Bylaws provide for the Board of Directors to serve in three classes having staggered terms of three years each. Three Class III directors will be elected at the 2011 Annual Meeting to serve for a three-year term expiring at the Annual Meeting of Stockholders in 2014. Pursuant to Delaware law, in the event of a vacancy on the Board of Directors, a majority of the remaining directors will be empowered to elect a successor, and the person so elected will hold office for the remainder of the full term of the director whose death, retirement, resignation, removal, disqualification or other cause created the vacancy and thereafter until the election of a successor director.

Recommendation; Proxies. **The Board of Directors recommends a vote FOR each of the nominees named below.** The persons named in the enclosed proxy card will vote all shares over which they have discretionary authority FOR the election of the nominees named below. Although the Board of Directors of the Company does not anticipate that any of the nominees will be unable to serve, if such a situation should arise prior to the meeting, the appointed persons will use their discretionary authority pursuant to the proxy and vote in accordance with their best judgment.

Nominees. The following table sets forth information for each nominee. Each nominee has consented to be named in this proxy statement and to serve as a director, if elected.

Name	Principal Occupation	Age	Director Since	Class
James S. D'Agostino, Jr.	Mr. D'Agostino has served as a director of Basic Energy Services since 2004. Mr. D'Agostino serves as Chairman of the Board and Chief Executive Officer of Encore Bancshares, Inc., a banking, wealth management and insurance services holding company currently listed on the NASDAQ Global Market, and has served as Chairman for its subsidiary, Encore Bank, N.A., since July 2009 after serving as Encore Bank's Chairman, President and Chief Executive Officer since November 1999. From 1998 to 1999, Mr. D'Agostino served as Vice Chairman and Group Executive, and from 1997 until 1998, he served as President, Member of the Office of Chairman and a director, of American General Corporation. Mr. D'Agostino graduated with an economics degree from Villanova University and a J.D. from Seton Hall University School of Law.	64	2004	III
Kenneth V. Huseman	Mr. Huseman has 32 years of well servicing experience. He has been our President and Chief Executive Officer and a Director since 1999. Prior to joining Basic, he was Chief Operating Officer at	58	1999	III

Key Energy Services from 1996 to 1999. He was a Divisional Vice President at WellTech, Inc., from 1993 to 1996. From 1978 to 1993, he was employed at Pool Energy Services Co., where he managed operations throughout the United States, including drilling operations in Alaska. Mr. Huseman graduated with a B.B.A. degree in Accounting from Texas Tech University.

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Name	Principal Occupation	Age	Director Since	Class
Thomas P. Moore, Jr.	Mr. Moore has served as a director of Basic Energy Services since 2005. Mr. Moore was a Senior Principal of State Street Global Advisors, the head of Global Fundamental Strategies, and a member of the Senior Management Group from 2001 through July 2005. Mr. Moore retired from this position in July 2005. From 1986 through 2001, he was a Senior Vice President of State Street Research & Management Company and was head of the State Street Research International Equity Team. From 1977 to 1986 he served in positions of increasing responsibility with Petrolane, Inc., including Administrative Vice President (1977-1981), President of Drilling Tools, Inc., an oilfield equipment rental subsidiary (1981-1984), and President of Brinkerhoff-Signal, Inc., an oil well contract drilling subsidiary (1984-1986). Mr. Moore is a Chartered Financial Analyst and holds an M.B.A. degree from Harvard Business School.	72	2005	III

Other Directors. The following table sets forth certain information for the Class I and Class II directors, whose terms will expire at the Annual Meetings of Stockholders in 2012 and 2013, respectively.

Name	Principal Occupation	Age	Director Since	Class
Sylvester P. Johnson, IV	Mr. Johnson has served as a director of Basic Energy Services since 2001. Mr. Johnson has served as President and Chief Executive Officer and a director of Carrizo Oil & Gas, Inc. since December 1993. Prior to that, he worked for Shell Oil Company for 15 years. His managerial positions included Operations Superintendent, Manager of Planning and Finance and Manager of Development Engineering. Mr. Johnson is a Registered Petroleum Engineer and has a B.S. in Mechanical Engineering from the University of Colorado.	55	2001	I

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Name	Principal Occupation	Age	Director Since	Class
Steven A. Webster	Mr. Webster has served as a director of Basic Energy Services since 2001. Since July 2005, Mr. Webster has served as Co-Managing Partner of Avista Capital Holdings, L.P., a private equity firm he co-founded focused on investments in the energy, media and healthcare sectors. From 2000 until June 2005, Mr. Webster served as Chairman of Global Energy Partners, a specialty group within Credit Suisse's Alternative Capital Division that made investments in energy companies. From 1998 to 1999, Mr. Webster served as Chief Executive Officer and President of R&B Falcon Corporation, and from 1988 to 1998, Mr. Webster served as Chairman and Chief Executive Officer of Falcon Drilling Company, both offshore drilling contractors. Mr. Webster currently serves as Chairman of Carrizo Oil & Gas, Inc. and as a director of SEACOR Holdings Inc., Hercules Offshore, Inc., Camden Property Trust, Geokinetics, Inc. and various privately held companies. Mr. Webster previously served as a director of Pinnacle Gas Resources, Inc. until June 2009; Encore Bancshares, Inc. until May 2009; Solitario Exploration & Royalty Corp. until March 2009; Grey Wolf, Inc. until December 2008; Brigham Exploration Company until April 2007; Goodrich Petroleum Corporation until March 2007; Crown Resources Corporation until August 2006; and Seabulk International, Inc. until March 2006. Mr. Webster was the founder and an original shareholder of Falcon, a predecessor to Transocean, Inc., and was a co-founder and original shareholder of Carrizo. Mr. Webster holds a B.S.I.M. from Purdue University, an M.B.A. from Harvard Business School and an honorary doctorate in management from Purdue University.	59	2001	I
William E. Chiles	Mr. Chiles has served as a director of Basic Energy Services since 2003. Mr. Chiles has served as the Chief Executive Officer and President and a director of Bristow Group Inc. (formerly Offshore Logistics, Inc.), a provider of helicopter transportation services to the worldwide offshore oil and gas industry, since July 2004. Mr. Chiles served as Executive Vice President and Chief Operating Officer of Grey Wolf, Inc. from March 2003 until June 2004. Mr. Chiles	62	2003	II

served as Vice President of Business Development at ENSCO International Incorporated from August 2002 until March 2003. From August 1997 until its merger into an ENSCO International affiliate in August 2002, Mr. Chiles served as President and Chief Executive Officer of Chiles Offshore Inc. Mr. Chiles has a B.B.A. in Petroleum Land Management from the University of Texas and an M.B.A. in Finance and Accounting with honors from Southern Methodist University.

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Name	Principal Occupation	Age	Director Since	Class
Robert F. Fulton	Mr. Fulton has served as a director of Basic Energy Services since 2001. Mr. Fulton served as President and Chief Executive Officer of Frontier Drilling ASA, an offshore oil and gas drilling and production contractor, from September 2002 through July 2010. From December 2001 to August 2002, Mr. Fulton managed personal investments. Prior to December 2001, Mr. Fulton spent most of his business career in the energy service and contract drilling industry. He served as Executive Vice President and Chief Financial Officer of Merlin Offshore Holdings, Inc. from August 1999 until November 2001. From 1998 to June 1999, Mr. Fulton served as Executive Vice President of Finance for R&B Falcon Corporation, during which time he closed the merger of Falcon Drilling Company with Reading & Bates Corporation to create R&B Falcon Corporation and then the merger of R&B Falcon Corporation with Cliffs Drilling Company. He graduated with a B.S. degree in Accountancy from the University of Illinois and an M.B.A. in finance from Northwestern University.	59	2001	II
Antonio O. Garza, Jr.	Mr. Garza was appointed as a director of Basic Energy Services in 2009. Mr. Garza joined ViaNovo, a management and communications consultancy, as a partner in June 2009 and also serves as the chair of its new business enterprise, ViaNovo Ventures. Additionally, Mr. Garza currently acts as Counsel in the Mexico City office of White & Case, an international practice law firm. Prior to joining ViaNovo and White & Case, Mr. Garza served as U.S. Ambassador to Mexico from the summer of 2002 to May 2009. In 1998, Mr. Garza was elected to the Texas Railroad Commission and served as Chairman of the Commission from 1999 to 2002. Mr. Garza holds a B.B.A. from the University of Texas at Austin and a J.D. from Southern Methodist University School of Law.	51	2009	II

Director Experience, Qualifications, Attributes and Skills. The following is a brief discussion of the experience, qualifications, attributes or skills that led to the conclusion that the following persons should serve as a director of the Company. Only one of our directors, Mr. Huseman, is an officer of the Company. Mr. Huseman, our Chief Executive Officer, has over 30 years of experience in our industry. The relevant experience, qualifications, attributes and skills of our outside directors include: for Mr. Chiles, oil and gas drilling and other oilfield services; for Mr. D Agostino,

banking, investment management and insurance; for Mr. Fulton, oil and gas drilling; for Mr. Garza, political, regulatory and foreign (Mexico); for Mr. Johnson, oil and gas (including as a Registered Petroleum Engineer); for Mr. Moore, investment management (including as a Chartered Financial Analyst), oilfield service and audit committee financial expertise; and for Mr. Webster, oil and gas, oilfield service and private equity.

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BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

Board of Directors

Meetings. During fiscal 2010, the Board of Directors held nine meetings of the full Board and 16 meetings of committees. The Nominating and Corporate Governance Committee held four meetings, the Compensation Committee held five meetings and the Audit Committee held seven meetings during fiscal 2010. In addition, the Company's independent auditors and management meet with the Audit Committee Chairman prior to the issuance of earnings press releases, and the other members of the Audit Committee are invited to attend these meetings. Each director attended at least 75% of the aggregate of (1) the total number of meetings of the Board of Directors (held during the period for which he has been a director) and (2) the total number of meetings of committees of the Board on which he served (during the periods that he served). Our non-management directors meet at regularly scheduled executive sessions presided over by our Chairman, Mr. Webster. Additionally, our independent directors meet at least once a year without members of management or non-independent directors present. All of our directors attended our 2010 annual meeting of stockholders.

Compensation. Directors who are our employees do not receive a retainer or fees for service on the Board or any committees. We pay non-employee members of the Board for their service as directors. For 2010, directors who were not employees received an annual fee of \$35,000. In addition, the chairman of each committee received the following annual fees: Audit Committee \$15,000; Compensation Committee \$10,000; and Nominating and Corporate Governance Committee \$10,000. Directors who were not employees received a fee of \$2,000 for each Board meeting attended whether in person or telephonically. For committee meetings, directors who were not employees received a fee of \$2,000 for each committee meeting attended whether in person or telephonically. In addition, each non-employee director has received, upon election to the Board, either (1) a stock option to purchase 37,500 shares of our common stock at the market price on the date of grant, which option vested ratably over three years, or (2) since our 2005 initial public offering, 37,500 shares of restricted stock that vest ratably over three years.

During March 2010, based in part on a review and recommendations by Pearl Meyer & Partners, our independent compensation consultants, and our Compensation Committee, due to the lower stock price per share of our common stock, the Board increased the number of restricted shares issued as an annual retainer from 4,000 shares to 7,000 shares of restricted stock that vest ratably over four years. Our Chairman was also granted an additional 3,000 shares of restricted stock that vest ratably over four years and an additional \$30,000 in cash as consideration for services in his capacity as Chairman. The annual fees for committee chairmen and per meeting fees of directors were held the same as for 2009.

For additional information regarding fees earned for services as a director effective in 2010, see Compensation Discussion and Analysis Board Process Compensation of Directors. Directors are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the Board or committees and for other reasonable expenses related to the performance of their duties as directors.

Independence. Our Board of Directors currently consists of eight members, including seven members determined by our Board to be independent Messrs. Chiles, D Agostino, Fulton, Garza, Johnson, Moore and Webster.

The Board has determined that Messrs. Chiles, D Agostino, Fulton, Garza, Johnson, Moore and Webster are independent as that term is defined by rules of the New York Stock Exchange and, in the case of the Audit Committee, rules of the Securities and Exchange Commission (SEC). In determining that each of these directors is independent, the Board considered that the Company and its subsidiaries in the ordinary course of business sell

products and services to other companies, including those at which one of the directors serves as an executive officer and director. In particular, Carrizo Oil & Gas, Inc., a company for which Mr. Johnson serves as President and Chief Executive Officer and a director and Mr. Webster serves as Chairman of the Board, uses the services of the Company, but such services represented less than 2% of Carrizo's revenues in the past three years. Mr. Garza is

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counsel to a law firm that was engaged by the Company to perform services, but the fees for such services were less than \$120,000 during 2010. In each case, these transactions did not automatically disqualify the directors from being considered independent under the NYSE rules. The Board also determined that these transactions were not otherwise material to the Company or to the other company involved in the transactions and that none of our directors had a material interest in the transactions with these companies. The Board also considered the prior roles of Mr. Webster and Mr. Fulton as executives of affiliates of Credit Suisse, our largest stockholder. Based upon its review, the Board of Directors has affirmatively determined that each of these directors is independent and that none of these directors has a material relationship with the Company.

Stockholder and Interested Party Communications with the Board of Directors. Stockholders and interested parties may communicate directly with the Board or a particular director by sending a letter to the attention of the Board or the particular director(s), as applicable, c/o Secretary, Basic Energy Services, Inc., 500 W. Illinois, Suite 100, Midland, Texas 79701. Stockholder communications must contain a clear notation on the mailing envelope indicating that the enclosed letter is a Stockholder-Board Communication or Stockholder-Director Communication. Additionally, if the enclosed letter is from an interested party, the mailing envelope must contain a clear notation indicating that it is an Interested Party-Board Communication or an Interested Party-Director Communication, as applicable. All such letters must identify the author as a stockholder and/or interested party and clearly state whether the intended recipients are all members of the Board, certain specified individual directors or a group of directors, such as the non-management directors. The Secretary will make copies of all such letters and circulate them to the appropriate director or directors.

Committees

All of the directors on our Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee are currently independent in compliance with the requirements of the Sarbanes Oxley Act of 2002, the NYSE listing standards and SEC rules and regulations. The following table shows the committees on which each director serves:

Director	Audit	Nominating and Corporate Governance	Compensation
Steven A. Webster			
Kenneth V. Huseman			
James S. D. Agostino, Jr.	X		X
William E. Chiles	X		X
Robert F. Fulton		X	
Sylvester P. Johnson, IV		X	
Antonio O. Garza, Jr.			X
Thomas P. Moore, Jr.	X	X	

Audit Committee. The responsibilities of the Audit Committee, composed of Messrs. Moore (Chairman), D. Agostino and Chiles, include:

to appoint, engage and terminate our independent auditors;

to approve fees paid to our independent auditors for audit and permissible non-audit services in advance;

to evaluate, at least on an annual basis, the qualifications, independence and performance of our independent auditors;

to review and discuss with our independent auditors reports provided by the independent auditors to the Audit Committee regarding financial reporting issues;

to review and discuss with management and our independent auditors our quarterly and annual financial statements prior to our filing of periodic reports;

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to establish and maintain procedures for the receipt, retention and treatment of complaints received by us and concerns of employees regarding accounting and auditing matters;

to review our procedures for internal auditing and the adequacy of our disclosure controls and procedures and internal control over financial reporting; and

to evaluate its own performance at least annually and deliver a report setting forth the results of such evaluation to the Board.

To promote the independence of the audit, the Audit Committee consults separately and jointly with the independent auditors, the internal auditors and management. The Board of Directors has determined that Messrs. Moore and D. Agostino are audit committee financial experts. The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is available in the Investor Relations Corporate Governance section of the Company's website (www.basicenergyservices.com).

Nominating and Corporate Governance Committee. The responsibilities of the Nominating and Corporate Governance Committee, composed of Messrs. Johnson (Chairman), Fulton and Moore include:

to identify, recruit and evaluate candidates for membership on the Board and to develop processes for identifying and evaluating such candidates;

to annually present to the Board a list of nominees recommended for election to the Board at the annual meeting of stockholders, and to present to the Board, as necessary, nominees to fill any vacancies that may occur on the Board;

to adopt a policy regarding the consideration of any director candidates recommended by our stockholders and the procedures to be followed by such stockholders in making such recommendations;

to adopt a process for our stockholders to send communications to the Board;

to evaluate its own performance at least annually and deliver a report setting forth the results of such evaluation to the Board;

to oversee our policies and procedures regarding compliance with applicable laws and regulations relating to the honest and ethical conduct of our directors, officers and employees;

to have the sole responsibility for granting any waivers under our Code of Ethics and Corporate Governance Guidelines; and

to evaluate annually, based on input from the entire Board, the performance of the CEO and report the results of such evaluation to the Compensation Committee of the Board.

The Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee, a copy of which is available on the Company's website (www.basicenergyservices.com).

The Nominating and Corporate Governance Committee has not established any minimum qualifications for non-employee director candidates that it recommends for nomination.

The Nominating and Corporate Governance Committee has established procedures for identifying and evaluating director nominees. Among the many factors considered in identifying and evaluating nominees, the Nominating and Corporate Governance Committee first considers the Board's needs. Candidates will first be interviewed by the Nominating and Corporate Governance Committee. If approved by the Nominating and Corporate Governance Committee, candidates will then be interviewed by all other members of the Board. The full Board, with such interested directors recusing themselves as appropriate, will approve all final nominations after considering the recommendations of the Nominating and Corporate Governance Committee. The Chairman of the Board, acting on behalf of the other members of the Board, will extend the formal invitation to an approved candidate to stand for election to the Board.

While the Nominating and Corporate Governance Committee may consider diversity among other factors when considering director nominees, it does not have any specific policy with regard to diversity in identifying

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director nominees. In practice, however, the Nominating and Governance Committee has considered diversity as a significant factor, including in connection with the appointment of Mr. Garza to the Board during 2009.

Stockholders may nominate director candidates in accordance with the Company's Bylaws. To summarize, such nominations must be made in writing to the Company's Secretary at the Company's principal executive offices. The recommendation must set forth certain information about both the nominee and the nominating stockholder(s). The foregoing is a summary, and the specific requirements and procedures of the Bylaws, including timing of proposals, control.

The stockholder's notice must set forth as to each nominee all information relating to the nominee that may be required under United States securities laws to be disclosed in solicitations of proxies for the election of directors, including the written consent of the person being recommended as a director candidate to being named in the proxy statement as a nominee and to serving as a director if elected. The stockholder's notice must also set forth as to (i) the stockholder giving notice and (ii) if any, (A) the beneficial owner on whose behalf the nomination is made, (B) any affiliates or associates of such stockholder or any beneficial owner described in clause (A), and (C) each other person with whom any of the foregoing persons either is acting in concert with respect to the Company or has any agreement, arrangement or understanding (whether written or oral) for purpose of acquiring, holding, voting (except pursuant to a revocable proxy given in certain specified circumstances) or disposing of any capital stock of the Company or to cooperate in obtaining, changing or influencing the control of the Company (except independent financial, legal and other advisors acting in the ordinary course of their respective businesses) (each such person in clauses (A), (B) and (C) referred to as a "Stockholder Associated Person"): (1) a description of each agreement, arrangement or understanding with any Stockholder Associated Person; (2) the name and record address, as they appear on the Company's books, of the stockholder proposing such business, such stockholder's principal occupation and the name and address of any Stockholder Associated Person; (3) the class or series and number of equity and other securities of the Company which are, directly or indirectly, held of record or beneficially owned by such stockholder or by any Stockholder Associated Person, the dates on which such stockholder or any Stockholder Associated Person acquired such shares and documentary evidence of such record or beneficial ownership; (4) a list of all Derivative Interests (as defined in the Bylaws) held of record or beneficially owned by the stockholder or any Stockholder Associated Person; (5) the name of each person with whom the stockholder or any Stockholder Associated Person has a Voting Agreement (as defined in the Bylaws); (6) details of all other material interests of each stockholder or any Stockholder Associated Person in the proposal of the nominee or any security of the Company (collectively, "Other Interests"); (7) a description of all economic terms of all such Derivative Interests, Voting Agreements or Other Interests and copies of all agreements and other documents relating to each such Derivative Interest, Voting Agreement or Other Interest; and (8) a list of all transactions by such stockholder and any stockholder Associated Person involving any securities of the Company or any Derivative Interests, Voting Agreements or Other Interests within the six-month period prior to the date of the notice.

To be timely, a stockholder's notice given in the context of an annual meeting of stockholders shall be delivered to or mailed and received at the principal executive office of the Company not less than 90 days nor more than 120 days in advance of the first anniversary of the date of the Company's previous year's annual meeting of stockholders; *provided, however*, that if no annual meeting was held in the previous year or the date of the annual meeting of stockholders has been changed by more than 30 calendar days from the date of the previous year's annual meeting, the notice must be received by the Company not less than 90 days nor more than 120 days prior to such annual meeting date or, if the first public announcement of such annual meeting is less than 100 days prior to the date of such annual meeting, the tenth (10th) day following the day on which the public announcement of the date of such meeting is first made by the Company.

If the information supplied by the stockholder is deficient in any material aspect or if the foregoing procedures are not followed, the Board or the chairman of the meeting may determine that the stockholder's nomination should not be

brought before the meeting and that the nominee is ineligible for election as a director of the Company. The Nominating and Corporate Governance Committee will not alter the manner in which it evaluates candidates, including the minimum criteria set forth above, based on whether or not the candidate was recommended by a stockholder.

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Compensation Committee. The responsibilities of the Compensation Committee, composed of Messrs. Chiles (Chairman), D Agostino and Garza, include:

to evaluate and develop the compensation policies applicable to our executive officers and make recommendations to the Board with respect to the compensation to be paid to our executive officers;

to review, approve and evaluate on an annual basis the corporate goals and objectives with respect to compensation for our Chief Executive Officer;

to determine and approve our Chief Executive Officer's compensation, including salary, bonus, incentive and equity compensation;

to review and make recommendations regarding the compensation paid to non-employee directors;

to review and make recommendations to the Board with respect to our incentive compensation plans and to assist the Board with the administration of such plans; and

to evaluate its own performance at least annually and deliver a report setting forth the results of such evaluation to the Board.

The Board of Directors has adopted a written charter for the Compensation Committee, a copy of which is available on the Company's website (www.basicenergyservices.com).

CORPORATE GOVERNANCE

Corporate Governance Guidelines and Code of Ethics

The Board of Directors has adopted Corporate Governance Guidelines, which present a flexible framework within which the Board, supported by its committees, directs the affairs of the Company. The Board of Directors has also adopted a Code of Ethics that applies to the Company's directors and executive officers, including its Chief Executive Officer and Chief Financial Officer. The Corporate Governance Guidelines and Code of Ethics are available in the Investor Relations Corporate Governance section of the Company's website (www.basicenergyservices.com).

If the Company amends or waives the Code of Ethics with respect to the chief executive officer, principal financial officer or principal accounting officer, it will post the amendment or waiver at this location on its website.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the number of shares of common stock beneficially owned as of April 8, 2011 by (1) all persons who beneficially own more than 5% of the outstanding voting securities of the Company, to the knowledge of the Company's management, (2) each current director, (3) each executive officer named in the Summary Compensation Table and (4) all current directors and executive officers as a group.

Name	Amount and Nature of Beneficial Ownership	Percent of Shares Outstanding
Credit Suisse AG, including DLJ Merchant Banking Partners III, L.P. and affiliated funds(1)	18,101,818	42.9%
Dimensional Fund Advisors LP(2)	2,716,999	6.4%
BlackRock, Inc.(3)	2,488,819	5.9%
Barclays Global Investors, NA.(4)	2,372,189	5.6%
Kenneth V. Huseman(5)	1,036,672	2.4%
Alan Krenek(6)	292,445	*
T.M. Roe Patterson(7)	142,061	*
James F. Newman(8)	70,028	*
James E. Tyner(9)	82,105	*
Steven A. Webster(10)	436,700	1.0%
James S. D. Agostino, Jr.(11)(12)	105,700	*
William E. Chiles(11)(13)	41,500	*
Robert F. Fulton(11)(14)	121,500	*
Sylvester P. Johnson, IV(11)(15)	121,500	*
Thomas P. Moore, Jr.(11)(16)	129,500	*
Antonio O. Garza, Jr.(17)	49,500	*
Directors and Executive Officers as a Group (13 persons)(18)	2,679,166	6.2%

* Less than one percent.

- (1) Includes 18,059,424 shares of common stock owned by DLJ Merchant Banking and its affiliates as follows: DLJ Merchant Banking Partners III, L.P. (12,650,117 shares); DLJ ESC II, L.P. (1,493,185 shares); DLJ Offshore Partners III, C.V. (884,531 shares); DLJ Offshore Partners III-1, C.V. (228,284 shares); DLJ Offshore Partners III-2, C.V. (162,622 shares); DLJMB Partners III GmbH & Co. KG (107,898 shares); DLJMB Funding III, Inc. (132,220 shares); Millennium Partners II, L.P. (21,516 shares); MBP III Plan Investors, L.P. (2,379,051 shares).

Credit Suisse, a Swiss bank, owns the majority of the voting stock of Credit Suisse Holdings (USA), a Delaware corporation which in turn owns all of the voting stock of Credit Suisse (USA) Inc., a Delaware corporation (CS-USA). The entities discussed in the above paragraph are merchant banking funds managed by indirect subsidiaries of CS-USA and form part of Credit Suisse's Alternative Capital Division. The ultimate parent company of Credit Suisse is Credit Suisse Group (CSG). CSG disclaims beneficial ownership of the reported common stock that is beneficially owned by its direct and indirect subsidiaries. Steven A. Webster served as the Chairman of Global Energy Partners, a specialty group within Credit Suisse's Alternative Capital Division, from

1999 until June 30, 2005.

All of the DLJ Merchant Banking entities can be contacted at Eleven Madison Avenue, New York, New York 10010-3629 except for the three Offshore Partners entities, which can be contacted at John B. Gosiraweg, 14, Willemstad, Curacao, Netherlands Antilles.

- (2) Dimensional Fund Advisors LP, an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the

Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the Funds).

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In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, neither Dimensional Fund Advisors LP or its subsidiaries (collectively, Dimensional) possess voting and/or investment power over the securities of the Company that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Company held by the Funds. However, all securities reported in this schedule are owned by the Funds. Dimensional disclaims beneficial ownership of such securities. Dimensional's address is Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas, 78746.

- (3) Based solely on information provided in a Schedule 13G filed by Blackrock, Inc. with the SEC on February 2, 2011. Blackrock reported sole voting power and sole dispositive power as to all 2,488,819 shares. Blackrock's address is 40 East 52nd Street, New York, NY 10022.
- (4) Based solely on information provided in a Schedule 13G filed by Barclays Global Investors, NA with the SEC on February 5, 2009. Includes 969,239 shares beneficially owned by Barclays Global Investors, NA; 1,387,267 shares beneficially owned by Barclays Global Fund Advisors; and 15,683 shares beneficially owned by Barclays Global Investors, Ltd.
- (5) Includes 664,747 shares of restricted stock, a portion of which are subject to forfeiture and generally vest over the next three years. Includes 343,200 shares issuable within 60 days upon the exercise of options granted under our 2003 Incentive Plan. Does not include 15,000 shares underlying options that are not exercisable within 60 days granted under our 2003 Incentive Plan. Includes 507,665 shares owned subject to bank pledges.
- (6) Includes 167,245 shares of restricted stock, a portion of which are subject to forfeiture and generally vest over the next three years. Includes 125,000 shares issuable within 60 days upon the exercise of options granted under our 2003 Incentive Plan. Does not include 3,750 shares underlying options that are not exercisable within 60 days granted under our 2003 Incentive Plan.
- (7) Includes 116,761 shares of restricted stock, a portion of which are subject to forfeiture and generally vest over the next three years. Includes 18,750 shares issuable within 60 days upon the exercise of options granted under our 2003 Incentive Plan. Does not include 1,250 shares underlying options that are not exercisable within 60 days granted under our 2003 Incentive Plan.
- (8) Includes 56,528 shares of restricted stock, a portion of which are subject to forfeiture and generally vest over the next three years.
- (9) Includes 59,105 shares of restricted stock, a portion of which are subject to forfeiture and generally vest over the next three years. Includes 22,500 shares issuable within 60 days upon the exercise of options granted under our 2003 Incentive Plan.
- (10) Includes 29,000 shares of restricted stock, a portion of which are subject to forfeiture and generally vest over the next three years. Includes 97,500 shares issuable within 60 days upon the exercise of options granted under our 2003 Incentive Plan.
- (11) Includes 24,000 shares of restricted stock, a portion of which are subject to forfeiture and generally vest over the next three years.
- (12) Includes 77,500 shares issuable within 60 days upon the exercise of options granted under our 2003 Incentive Plan.

- (13) Includes 17,500 shares issuable within 60 days upon the exercise of options granted under our 2003 Incentive Plan.
- (14) Includes 97,500 shares issuable within 60 days upon the exercise of options granted under our 2003 Incentive Plan.
- (15) Includes 97,500 shares issuable within 60 days upon the exercise of options granted under our 2003 Incentive Plan.
- (16) Includes 42,500 shares issuable within 60 days upon the exercise of options granted under our 2003 Incentive Plan.
- (17) Includes 49,500 shares of restricted stock, all of which are subject to forfeiture and generally vest over the next three years.

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- (18) Includes an aggregate of 1,312,841 restricted shares, of which 872,325 remain subject to vesting, and an aggregate of 939,450 shares issuable within 60 days upon the exercise of options granted under our 2003 Incentive Plan. Does not include 20,000 shares underlying options that are not exercisable within 60 days granted under our 2003 Incentive Plan.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information regarding shares of our common stock authorized for issuance under our equity compensation plans as of December 31, 2010:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by stockholders(1)	1,414,450	\$ 11.44	1,635,388
Equity compensation plans not approved by stockholders			
Total	1,414,450	\$ 11.44	1,635,388

- (1) Consists of the Basic Energy Services, Inc. Fourth Amended and Restated 2003 Incentive Plan (effective May 26, 2009).

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COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis addresses compensation with respect to our named executive officers, including the actions and decisions of the Compensation Committee of our Board of Directors, which oversees our compensation policies and sets or recommends executive officer compensation, with respect to 2010-related compensation. For 2010, our named executive officers consisted of Kenneth V. Huseman, Alan Krenek, T.M. Roe Patterson, James F. Newman and James E. Tyner.

Overview of Our Compensation Philosophy and Objectives. The Company's overall philosophy on compensation of the Company's executive officers is to provide competitive salary levels and compensation incentives that:

attract, reward and retain individuals of the highest quality in these key positions;

recognize individual performance and the performance of the Company relative to the performance of other companies of comparable size, complexity and quality;

provide motivation toward, and reward the accomplishment of, corporate annual objectives;

align the executive officers' compensation to stockholder interests; and

align the executive officers' incentives with both the short-term and long-term goals of the Company.

We also have the following compensation objectives when setting the compensation programs for our executive officers:

provide a significant percentage of long-term equity compensation that is at-risk based on predetermined performance criteria;

maintain an opportunity for increased equity ownership by the Company's executive officers; and

set compensation levels that are competitive within the market in which positions are located.

In addition, the Compensation Committee considers the anticipated tax treatment of the Company's executive compensation program.

2010 Elements of Compensation. The executive compensation program for our named executive officers and other senior executive officers included five principal elements that, taken together, constitute a flexible and balanced method of establishing total compensation. These elements are:

base salary;

quarterly incentive bonus plan cash awards to certain executive officers (excluding our CEO and CFO);

annual cash incentive bonuses;

long-term incentive awards (which during 2010 consisted solely of restricted stock awards); and

in 2010, a performance-based incentive program (the PB Incentive Program) based on Total Stockholder Return (TSR) compared a peer group, a performance factor contained in the 2003 Incentive Plan, as the applicable metric. If the performance measure is met, the participants earn their restricted stock awards, which shares of restricted stock are then issued and remain subject to time-based vesting in one-third increments in each of the subsequent three years. The 2010 PB Incentive Program reflected a change from the Company's prior Three-Year PB Incentive Program that used different performance metrics.

The compensation program for our named executive officers during the periods covered under the Summary Compensation Table below included only very limited additional perquisites not offered to employees generally.

The Company's executive compensation program is consistent with the Company's philosophy of tying a significant portion of each executive officer's compensation to performance because this aligns the executive officers' compensation to stockholder interests. Under the PB Incentive Program, executive compensation is based on the Company performing ahead of members of its selected peer group for TSR during the year-to-year period.

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Similarly, the quarterly incentive bonus plan ties the compensation of the area, region, and division-level employees directly to the financial return on assets employed within their particular operations and ties corporate-level bonuses to the Company's net income. Annual cash incentive bonuses and long-term incentive awards also take into account a set of Company and individual performance metrics used by the Compensation Committee.

The performance-based awards and discretionary restricted stock grants also provide retention benefits because the executive officers must remain in the employ of the Company throughout the applicable vesting period to receive the full benefit, subject to exceptions as applicable under certain agreements for termination of executive officers by the Company not for cause, termination by executive officers for good reason, the death or disability of the executive officers, or, under certain agreements and with additional limitations, the retirement of the executive officers. These time-based awards also provide an opportunity for increased equity ownership by the executive officers to further the link between the executive officers' interests, stockholder interests and the short-term and long-term goals of the Company.

In addition, at the beginning of 2010, the Company used market survey data from comparable companies to set base salary and total compensation levels that were competitive within the market. Based on the compensation consultant's view that industry salary structures had been generally frozen, if not reduced, during late 2008 and into 2009, and that a new survey would unlikely yield meaningful new information until later in 2010, the Company did not request a survey for setting compensation levels for 2010.

Selection of Elements to Provide Competitive Levels of Compensation. The Compensation Committee generally attempts to provide the Company's senior executive officers with a total compensation package that is competitive and reflective of the performance achieved by the Company compared to the performance achieved by the Company's peers. During the periods covered by the Summary Compensation Table included in this proxy statement, the Compensation Committee has attempted to weight compensation generally toward long-term incentives. The Compensation Committee has determined a competitive level of compensation for each executive officer based on information drawn from a variety of sources, including proxy statements of other companies and surveys. The Company initially engaged Pearl Meyer & Partners during 2005 to perform an executive compensation review, and the Compensation Committee has continued to engage them for compensation consulting since that time.

During 2010, the peer groups used by Pearl Meyer & Partners have been comprised of a combination of the Company's direct competitors and other energy and energy services companies that experience similar market forces and are looked at similarly by the investment community. Compensation norms for the group were adjusted for comparability of revenue size to the Company, and data is trended forward based on what Pearl Meyer & Partners believes is occurring with other companies. During February and March 2010, the Company used survey data from 2008 compensation and assumed that executive-level salaries had been rolled back in 2009 by 12-15% from 2008 year levels. These reviews were used by the Compensation Committee in establishing 2010 executive base salaries, the range for potential cash incentive bonuses, and aggregate long-term incentive plan payouts and equity awards. During August 2010, the consultant completed a new full executive compensation review, based upon 2010 proxies and updated market compensation survey data, which would be used for the determination of any needs for current compensation adjustments and also for making adjustments in 2011.

During March 2010, the Company continued to make equity grant levels higher than what it believes is the median, particularly with respect to its CEO, as part of its objective to weight compensation generally toward long-term incentives. For 2009 bonuses paid in 2010 and new salaries and equity grants made in 2010, Pearl Meyer noted certain salary decreases and wage freezes implemented by certain energy companies, and this information and industry conditions were reflected in decisions made by the Compensation Committee and the Company in March 2010. While the targeted value of an executive officer's compensation package may be competitive, its actual value may exceed or fall below market average levels depending on performance, as discussed below. For 2010 cash bonuses paid in 2011

and equity grants made in 2011 based in part on 2010 performance, Pearl Meyer noted that industry peers were paying bonuses and making equity grants either during the 2010 calendar year or were making them in early 2011.

The employment agreements of our executive officers generally contain streamlined severance and non-competition provisions among our executive officers in three tiers, with our CEO in one tier, our Senior Vice

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Presidents (two during 2010 – our CFO and our current Senior Vice President and Chief Operating Officer) and our current Group Vice President – Permian Basin Unit in a second tier, and our Vice President – Human Resources in a third tier. Severance benefits are discussed below under – Severance Benefits.

Mix and Allocation of Compensation Components. As noted above, the salary for our named executive officers can represent 100% of compensation in any given year when incentives do not pay out or long-term awards are not made. However, the general mix of compensation for individual performance in the annual incentive plans, plus the net annualized present value of long-term compensation grants, can range as follows, depending upon the executive officer. The following general percentage mix would apply to the typical approach in establishing the total compensation for the Company's executive officers at 2010 performance. It is important to note that the influences of the timing of awards, availability of stock, company financial performance and stock price performance could significantly change the basic mix of compensation components as a percentage of total compensation:

For the CEO:

Base pay = 20% to 30%

Bonus compensation at target = 10% to 30%

Long-term compensation annualized = 45% to 65%

For the other named executive officers:

Base pay = 25% to 40%

Bonus compensation at target = 35% to 55%

Long-term compensation annualized = 15% to 20%

Base Salaries. The Compensation Committee periodically reviews and establishes executive base salaries. Generally, base salaries are based on (1) the scope and complexity of the position held, (2) market survey data from comparable companies and (3) the incumbent's competency level based on overall experience and past performance. In March 2010, our Compensation Committee, based on its discussion with its compensation consultant, approved base salaries for each of our named executive officers that returned the officers to their initially approved 2009 base salary levels. In March 2011, our Compensation Committee, based on its discussion with its compensation consultant, approved increased base salaries for each of our named executive officers.

Quarterly Incentive Bonus Plans. The Company has maintained three individual Quarterly Incentive Bonus Plans for management and administrative personnel. These plans address (1) area-level personnel, (2) non-administrative region- and division-level personnel and (3) non-administrative corporate-level personnel, except for the CEO and CFO. The Company also maintained an annual incentive bonus plan for executive officers. Employees participating under these plans were eligible for cash bonuses. Compensation potential and actual compensation received from all the plans are part of the cash compensation review process.

The purpose of the area, region, and division-level plans is to tie the compensation of the respective employees directly to the financial return on assets employed within their particular operations. During 2009, corporate-level bonuses were tied to the Company's region and division-level bonuses.

Messrs. Huseman and Krenek did not participate in any of the Quarterly Incentive Bonus Plans during 2010. Messrs. Patterson, Newman and Tyner, each participated in the corporate-level Quarterly Incentive Bonus Plans in 2010, which payments were factored into annual cash bonuses received by them in early 2011. There was no annual cash bonus paid to the named executive officers in early 2010 relating to 2009 performance.

Annual Cash Bonuses (Non-Equity Incentive Plan Compensation). The purpose of annual cash bonuses under our 2003 Incentive Plan is to provide motivation toward, and reward the accomplishment of, corporate annual objectives and to provide a competitive compensation package that will attract, reward and retain individuals of the highest quality. The annual cash bonus awards to our named executive officers for 2010 paid in the first quarter of 2011 were

paid as non-equity incentive plan compensation based upon the achievement of corporate performance objectives.

2010 Annual Cash Bonuses. During 2010 and March 2011, the Compensation Committee established and considered a set of metrics, which we refer to as our 2010 annual incentive compensation plan, for determining aggregate annual bonuses for our senior executive officers, including each of our named executive officers, consisting of (including relative weighting):

earnings per share (25%);

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peer-group prior 3-year average return on capital employed (25%);

safety record (based on total reportable incident rates(TRIR))(10%);

preventable motor vehicle accident rate (PMVAR)(10%);

revenue growth (10%); and

personal performance, based on board discretion (20%).

Target bonus award levels for the Company's executive officers during 2010 were established by senior management working with the Compensation Committee. Target levels represent the award level attainable when the plans are performed fully to expectations or plan and individual performance is rated accordingly. Potential annual cash awards for 2010 for our CEO ranged from zero to 90% of base salary, with a target level of 60%. Potential annual cash awards for 2010 for our Tier II named executive officers (Messrs. Krenek, Patterson and Newman) ranged from zero to 75% of base salary, with a target level of 50%. Potential annual cash awards for 2010 for our Tier III named executive officer (Mr. Tyner) ranged from zero to 60% of base salary, with a target level of 40%. Payments made under our Quarterly Incentive Bonus Plan offset the annual bonus awards.

The earnings (loss) per share factor used by the Compensation Committee in 2010 had actual result of \$(1.14) compared to a target of \$(1.69). The actual result for three-year average ROCE was (2.4%) compared to an (6.7%) target. The total reportable incident rate and preventable motor vehicle accident rate were 14% and 20% above (i.e., worse than) target levels, thus resulting in lower-than-target factor allocations. Based on these 2010 Company performance factors together with personal performance evaluations, the Compensation Committee awarded cash bonuses to each of our officers, including payments to Messrs. Patterson, Newman and Tyner under the Quarterly Incentive Bonus Plan during 2010. Payments under these metrics were not qualified performance based compensation within the meaning of Section 162(m) of the Code.

2010 Long-Term Incentive Program. During 2007, the Compensation Committee engaged Pearl Meyer & Associates to assist it in designing a new long-term incentive program under the 2003 Incentive Plan, including the development of performance measures to determine ultimate payouts. After due consideration, pursuant to its authorization under the 2003 Incentive Plan, the Compensation Committee approved and implemented in March 2008 a comprehensive long-term incentive plan. This long-term incentive program initially consisted of: (i) a performance-based plan looking at a three-year performance period, which we refer to as our Three-Year PB Incentive Program, that is based on performance factors contained in the 2003 Incentive Plan; and (ii) discretionary, time-based restricted stock awards. The Compensation Committee and the Board continued this performance-based Three-Year PB Incentive Program in 2009 along with discretionary, time-based restricted stock awards as part of its long-term incentive program.

In March 2010, the Compensation Committee and the Board changed the performance-based Three-Year PB Incentive Program to a One-Year PB Incentive Program consisting of:

a performance-based plan looking at total share holder return of the prior year compared to a predefined peer group with shares being earned based on the Company's performance compared to the peer group; and

discretionary, time-based restricted stock awards.

The changes of both metrics and period of time for awards granted in 2010 were made due to market conditions, the Company's historical performance and a desire to focus management on more current metrics relative to its peers during 2010. Each of the incentive programs was designed to motivate management to assist the Company in achieving a high level of long-term performance and serves to link this portion of executive compensation to long-term stockholder value. The Compensation Committee generally attempts to provide the Company's executive officers, including Mr. Huseman, with a total compensation package that is competitive and reflective of the performance achieved by the Company compared to its peers, and is typically weighted toward long-term incentives. Aggregate stock or option holdings of the executive officer have no bearing on the size of a performance award.

The Company's 2003 Incentive Plan, which was adopted by the board and has been approved by the Company's stockholders as amended, covers stock awards issued under the Company's original 2003 Incentive Plan

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and predecessor equity plan. The 2003 Incentive Plan permits the granting of any or all of the following types of awards: stock options; restricted stock; performance awards; phantom shares; other stock based awards; bonus shares; and cash awards. In fiscal 2009 and 2010, the Compensation Committee made grants of restricted stock, which vest ratably over a four-year period beginning in 2011 and 2012, respectively. During March 2011, the Compensation Committee made grants of restricted stock which vest ratably over a three-year period beginning in March 2012. Management recommended the shorter vesting period, and the Compensation Committee deemed the shorter vesting period for grants of restricted stock as appropriate, based on such periods serving as a better incentive for participants and being more customary based on industry norms.

All non-employee directors and employees of, or consultants to, the Company or any of its affiliates are eligible for participation under the 2003 Incentive Plan. The 2003 Incentive Plan is administered by the Compensation Committee. The Compensation Committee directly oversees the plan as it relates to officers of the Company and oversees the plan in general, its funding and award components, the type and terms of the awards to be granted and interprets and administers the 2003 Incentive Plan for all participants. No awards may be granted under the 2003 Incentive Plan after April 12, 2014.

Options granted pursuant to the 2003 Incentive Plan may be either incentive options qualifying for beneficial tax treatment for the recipient as incentive stock options under Section 422 of the Code or non-qualified options. No person may be issued incentive stock options that first become exercisable in any calendar year with respect to shares having an aggregate fair market value, at the date of grant, in excess of \$100,000. No incentive stock option may be granted to a person if at the time such option is granted the person owns stock representing more than 10% of the total combined voting power of all classes of the Company's stock or any of its subsidiaries as defined in Section 424 of the Code, unless at the time incentive stock options are granted the purchase price for the option shares is at least 110% of the fair market value of the option shares on the date of grant and the incentive stock options are not exercisable after five years from the date of grant. While options are available under the 2003 Incentive Plan, the Company has not awarded options in the past three years.

The 2003 Incentive Plan permits the payment of qualified performance based compensation within the meaning of Section 162(m) of the Code, which generally limits the deduction that the Company may take for compensation paid in excess of \$1,000,000 to certain of the Company's covered officers in any one calendar year unless the compensation is qualified performance based compensation within the meaning of Section 162(m) of the Code. Prior stockholder approval of the 2003 Incentive Plan (assuming no further material modifications of the plan) will satisfy the stockholder approval requirements of Section 162(m) for the transition period beginning with the Company's initial public offering in December 2005 and ending not later than the Company's annual meeting of stockholders in 2009. While the Compensation Committee reserves the right to grant ad hoc or special awards at any time that are subject to the limits of deductibility, the main awards under the plan are administered consistent with the requirements of 162(m) for performance based compensation.

In March 2010, the Compensation Committee recommended, and the Board approved, a One-Year PB Incentive Program for executive officers and certain middle management personnel (a total of 19 participants for awards issued in 2010). Under this plan, award recipients may earn restricted stock at the end of a one-year period, based on the Company's performance over that one-year period. The performance measure is based on the Company achieving a pre-established target relative to its selected peer group (the PB Peer Group) based on one factor, total shareholder return, subject to forfeiture or a negative adjustment of 100% if the Company ranks the worst or second worst when included with the PB Peer Group.

If the performance measures are met, the plan participants will earn their restricted stock awards, which will then remain subject to time-based vesting in one-third increments in each of the subsequent three years. The combination of the performance period and the vesting schedule results in the awards being realized by the executive officer over a

period of 4 years from the initial award date.

Achievement of the maximum goals will require superior performance of the executive officers and the Company relative to the Company's peer group, and the relative difficulty of achieving this performance may be affected by certain risk factors outside the control of the Company and the executive officers, including risk factors disclosed in the Company's Form 10-K and other periodic filings.

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Target award levels in 2010 were set for each participant based on a multiple of the recommended annual base salary of each executive officer. In determining the number of restricted shares to award, the Compensation Committee used an estimated \$10 price applicable on the dates the proposed grant schedule was prepared, compared to an actual lower price on the date of the Compensation Committee's March 9, 2010 meeting at which the awards were actually approved. In determining the number of shares of restricted stock to award, the Compensation Committee used this same price.

For awards in 2010, the PB Peer Group consisted of each of the following companies: (1) Pioneer Drilling Co.; (2) Bronco Drilling Company, Inc.; (3) Tetra Technologies, Inc.; (4) Oil States International, Inc.; (5) Union Drilling, Inc.; (6) Superior Well Services, Inc.; (7) Complete Production Services, Inc.; (8) Allis-Chalmers Energy, Inc.; (9) Superior Energy Services, Inc.; and (10) Key Energy Services, Inc. The Compensation Committee excluded Superior Well Services, Inc. from the PB Peer Group because it was acquired during 2010. The total maximum number of shares for all participants for the One-Year PB Incentive Program awards granted in March 2010 (150% of target) was 285,281 shares, all of which were earned shares that remain subject to time-based vesting in increments over a three-year period.

LTIP Payout Grids Percentage of Equity Compensation

that may be Retained Based on Relative Total Stockholder Return

The 2010 awards under the One-Year PB Incentive Program, other than performance-based awards based on stockholder-approved performance objectives, do not comply with the provisions of Internal Revenue Code Section 162(m).

Similar to the Quarterly Incentive Bonus Plan, the One-Year PB Incentive Program is consistent with the Company's philosophy of tying a significant portion of each executive officer's compensation to performance because this aligns the executive officers' compensation to stockholder interests. This program differs from the Quarterly Incentive Bonus Plan in that it also provides retention benefits, because the executive officers must remain in the employ of the Company for four years from the grant date (including three years of vesting after shares are earned) to receive the full benefit, subject to exceptions for termination of executive officers not for cause, termination for good reason, termination due to death or disability and termination due to change in control.

Discretionary Restricted Stock Grants. The Compensation Committee has used traditional discretionary grants of restricted stock to supplement the 2010 PB Incentive Program for approximately two-thirds of total potential awards. These time-based awards also provide an opportunity for increased equity ownership by the executive officers to further the link between the creation of stockholder value and long term incentive compensation. The restricted stock awards granted in 2010 based on 2009 company and personal performance vest in four equal portions from the date of the grant. The restricted stock awards granted in 2011 based on 2010 company and personal performance vest in three equal portions from the date of the grant.

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All restricted stock earned under the One-Year PB Incentive Program and the special non-performance based restricted stock grant will be forfeited if they are not vested prior to the date the executive officer terminates his employment, except in the cases of termination of executive officers not for cause, termination for good reason, termination due to death or disability and termination due to change in control.

Compensation for our Named Executive Officers. The 2010 and current 2011 salaries of our named executive officers, including our CEO, were established by the entire Board of Directors at the recommendation of the Compensation Committee. The basis for selecting the severance benefits of each of the named executive officers, including our CEO, as of December 31, 2010 is discussed below under Severance Benefits.

CEO Compensation. A separate process of evaluating Mr. Huseman was conducted for purposes of determining his 2010 annual cash bonus paid during February 2011. Specifically, the Compensation Committee's considerations included: (1) earnings per share; (2) three-year average return on capital employed compared to our peer group; (3) our safety record based on total reportable incident rates; (4) our preventable motor vehicle accident rate; (5) our revenue growth; and (6) Mr. Huseman's personal performance, including Mr. Huseman's individual goals for fiscal 2010. Based on these considerations, Mr. Huseman was granted an annual cash bonus for 2010 performance of \$390,000.

Compensation of Other Named Executive Officers. The Compensation Committee reviewed the recommendations of the CEO regarding 2010 bonuses and awards. The Compensation Committee's considerations included the same general Company performance-based factors as well as the individual performance of each of the officers. The other named executive officers were granted an annual cash bonus for 2010 performance as follows: (1) Alan Krenek \$180,000; (2) Roe Patterson \$180,000; (3) Jim Newman \$125,000; and (4) Jim Tyner \$90,000.

During 2010 and 2011, the Compensation Committee elected to use restricted stock awards as the primary component of long-term compensation for our executive officers. We believe that restricted stock awards provide stronger retention benefits than stock options, especially in slower economic markets. Also, we believe that restricted stock awards more closely align the interests of management with the interests of our other stockholders. Finally, we undertake to provide a compensation package to our executive officers that is competitive with our peers, and the use of restricted stock as long-term incentive compensation has increased among our peer group compared to prior years.

In 2010, the Compensation Committee approved and implemented a continued long-term incentive program, including a One-Year PB Incentive Program and discretionary, time-based restricted stock awards. The rationale behind this was to create a program consistent with the Company's philosophy of tying a significant portion of each executive officer's compensation to performance, because this aligns the executive officers' compensation to stockholder interests, while maintaining an opportunity for increased equity ownership by the executive officers to further the link between the creation of stockholder value and long term incentive compensation.

Perquisites. The Company provides limited perquisites to its senior executive officers. Perquisites may include vehicle allowances, club memberships and long-term disability insurance. During 2010, those perquisites were provided to senior management based on individual employment agreements. Each category of perquisites and amounts are set forth in the footnotes to the Summary Compensation Table below under Executive Compensation Matters.

Severance Benefits. Pursuant to our employment agreements with each of the named executive officers, the named executive officers are entitled to severance payments in the event the executive officer is terminated at any time by us without Cause as defined in the agreements or by the executive officer for Good Reason. In addition, each of the named executive officers is entitled to severance payments in the event of a change-in-control if the executive officer's employment is terminated for certain reasons within the six months preceding or the twelve months following a

change in control of our company.

The severance payments outside a change-in-control are based on a multiple (for Mr. Huseman 3.0 times; for Messrs. Krenek, Patterson and Newman 1.5 times; and for Mr. Tyner 0.75 times) of the sum of the executive officer's base salary plus his current annual incentive target bonus for the full year in which the termination of employment occurred.

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The severance payments associated with a change-in-control are based on a multiple (for Mr. Huseman 3.0 times; for Messrs. Krenek, Patterson and Newman 2.0 times; and for Mr. Tyner 1.0 times) of the sum of the executive officer's base salary plus the higher of (i) his current annual incentive target bonus for the full year in which the termination of employment occurred or (ii) the highest annual incentive bonus received by him for any of the last three fiscal years. Mr. Huseman's current agreement reduced his previous enhanced change-in-control benefit level that was agreed upon while the Company was a private, controlled company prior to its initial public offering.

Messrs. Krenek and Tyner's employment agreements were initially effective through December 31, 2008 while Messrs. Huseman, Patterson, and Newman's were effective through December 31, 2009, and each officer's agreement automatically renews for subsequent one-year periods unless notice of termination is properly given by us or the executive officer. In the event that the employment agreement of Messrs. Huseman, Krenek or Patterson is not renewed by us and a new employment agreement has not been entered into, the executive officer will be entitled to the same severance benefits described above. We believe this severance requirement is reasonable and not uncommon for persons in the offices and rendering the level of services performed by these individuals.

We selected higher multiples for terminations associated with a change-in-control to provide additional reasonable protections and benefits to the executive officers in such event, while basing these change-in-control termination payments on a double trigger requiring additional reasons such as Good Reason or the executive officer being terminated without Cause. We believe that providing higher multiples for change-in-control terminations for up to a one-year period after a change in control will provide for their commitment to the Company or its potential acquirer through a change-in-control event, providing a continuity of leadership and preserving the stockholders' interests before and after a transaction.

The employment agreements for Messrs. Huseman, Krenek, Patterson and Newman also provide for gross up payments to the extent Section 280G of the Internal Revenue Code would apply to such payments as excess parachute payments. The employment agreement for our other named executive officer does not contain these provisions.

For information regarding the change-in-control benefits to our chief executive officer based on a hypothetical termination date of December 31, 2010, see Executive Compensation Matters Potential Payments upon Termination or Change-in-Control.

Board Process. The Compensation Committee of the Board of Directors reviews all compensation and awards to executive officers. The Compensation Committee on its own, based on input from the Nominating and Governance Committee and discussions with other persons and advisors as it deems appropriate, reviews the performance and compensation of the CEO and approves his level of compensation. For the other executive officers, the Compensation Committee receives recommendations from the CEO. These recommendations are generally approved with minor adjustments. The Compensation Committee grants options and restricted stock, generally based on recommendations from the CEO, pursuant to its authority under the Compensation Committee Charter and the Company's 2003 Incentive Plan.

Compensation of Directors. The Compensation Committee is also responsible for determining the annual retainer, meeting fees, stock options and other benefits for members of the Board of Directors. The Compensation Committee's objective with respect to director compensation is to provide compensation incentives that attract and retain individuals of outstanding ability.

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Directors who are Company employees do not receive a retainer or fees for service on the board or any committees. The Company pays non-employee members of the board for their service as directors. Directors who are not employees received in 2010:

Annual director fee:	\$35,000, other than our Chairman, who received an additional fee of \$30,000
Committee Chairmen annual fees:	
Audit Committee	\$15,000
Compensation Committee	\$10,000
Nominating and Corporate Governance Committee	\$10,000
Equity-based compensation:	
Upon election	37,500 shares of the Company's common stock at the market price on the date of grant that vest ratably over three years. This prior policy remains subject to change whenever applicable for future directors based on the stock price at such time.
Annual awards	In March 2010, each non-employee director was granted 7,000 shares of restricted stock that vest ratably in four increments of 1,750 shares on March 15, 2012, 2013, 2014 and 2015. Our Chairman was granted an additional 3,000 shares of restricted stock that vest ratably over the same period as the standard non-employee director award.

Directors are also reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the board or committees and for other reasonable expenses related to the performance of their duties as directors. Director compensation in effect for 2010 was based in part on a review and recommendations by Pearl Meyer & Partners.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the above Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

This report of the Compensation Committee shall not be deemed soliciting material, or to be filed with the Securities and Exchange Commission or subject to Regulation 14A or 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934 (the Exchange Act), except to the extent that the Company specifically requests that the information be treated as soliciting material or specifically incorporates it by reference into a document filed under the Securities Act of 1933 (the Securities Act) or the Exchange Act.

William E. Chiles, Chairman
James S. D'Agostino, Jr.
Antonio O. Garza, Jr.

Table of Contents**EXECUTIVE COMPENSATION MATTERS****Summary Compensation Table**

The following information relates to compensation paid by the Company for fiscal 2010, 2009 and 2008 to the Company's Chief Executive Officer, Chief Financial Officer and each of the other three most highly compensated executive officers in fiscal 2010, 2009 and 2008:

Name and Principal Position(1)	Year	Salary (\$)(2)	Bonus (\$)	Stock Awards (\$)(3)	Option Awards (\$)(3)	Plan Compensation (\$)(4)	Change in Pension Value and Non-Equity Incentive Deferred Compensation (\$)(5)		Total (\$)
							Other Compensation (\$)(5)	Change in Pension Value and Non-Equity Incentive Deferred Compensation (\$)(5)	
Kenneth V. Huseman	2010	\$ 543,654	\$	\$ 1,545,605	\$	\$ 390,000	\$	\$ 1,200	\$ 2,480,459
President and Chief	2009	\$ 510,008	\$	\$ 894,431	\$	\$	\$	\$ 9,800	\$ 1,414,239
Executive Officer	2008	\$ 550,000	\$	\$ 1,332,776	\$	\$ 330,000	\$	\$ 9,200	\$ 2,221,976
Alan Krenek	2010	\$ 297,231	\$	\$ 581,898	\$	\$ 180,000	\$	\$ 1,200	\$ 1,060,329
Senior Vice President,	2009	\$ 282,661	\$	\$ 377,208	\$	\$	\$	\$ 9,800	\$ 669,669
Chief Financial									
Officer,	2008	\$ 300,000	\$ 50,000	\$ 679,884	\$	\$ 170,000	\$	\$ 9,200	\$ 1,209,084
Treasurer and									
Secretary									
T.M. Roe Patterson	2010	\$ 272,461	\$	\$ 378,015	\$	\$ 180,000	\$	\$ 7,550	\$ 838,026
Senior Vice President,	2009	\$ 259,123	\$	\$ 219,387	\$	\$ 25,537	\$	\$ 21,020	\$ 525,067
Rig and Truck									
Operation	2008	\$ 243,846	\$	\$ 484,186	\$	\$ 150,000	\$	\$ 20,233	\$ 898,265
James F. Newman	2010	\$ 208,061	\$	\$ 209,900	\$	\$ 125,000	\$	\$ 8,825	\$ 551,786
Group Vice President,	2009	\$ 197,923	\$	\$ 153,605	\$	\$ 38,021	\$	\$ 18,729	\$ 408,278
Completion and									
Remedial Services	2008	\$ 92,481	\$	\$	\$	\$ 60,000	\$	\$ 6,554	\$ 159,035
James E. Tyner	2010	\$ 188,465	\$	\$ 193,139	\$	\$ 90,000	\$	\$ 1,000	\$ 472,604
Vice President,	2009	\$ 180,281	\$	\$ 147,126	\$	\$ 19,516	\$	\$ 8,422	\$ 355,345
Human Resources	2008	\$ 190,000	\$ 30,000	\$ 216,318	\$	\$ 80,000	\$	\$ 9,546	\$ 525,864

(1) Principal position as of December 31, 2010. As of April 6, 2011, Mr. Patterson was appointed Senior Vice President and Chief Operating Officer, and Mr. Newman was appointed Group Vice President - Permian Basin Unit.

- (2) Under the terms of their employment agreements, Messrs. Huseman, Krenek, Patterson, Newman and Tyner are entitled to the compensation described under Employment Agreements below.
- (3) This column represents the total grant date fair value of restricted stock awards granted to each of the applicable named executive officers. The fair value of restricted stock awards was calculated based upon the closing market price of the Company's common stock on the grant date. The actual value that an executive officer will realize upon vesting of restricted stock awards will depend on the market price of the Company's stock on the vesting date, so there is no assurance that the value realized by an executive officer will be at or near the value of the market price of the Company's stock on the grant date. There were no option awards granted in 2010, 2009 or 2008.
- (4) Reflects aggregate bonus payments made utilizing metrics under our annual incentive compensation plan and division-level Quarterly Incentive Bonus Plan. Messrs. Huseman and Krenek did not participate in any of the Quarterly Incentive Bonus Plans during 2010, 2009 or 2008 and received only an annual cash bonus for 2010 and 2008 performance that was paid in early 2011 and 2009, respectively. Messrs. Patterson, Newman and Tyner each participated in the Quarterly Incentive Bonus Plans in 2010, 2009 and 2008 and received an annual cash bonus for 2010 and 2008 performance that was paid in early 2011 and 2009, respectively.
- (5) Employer contributions to the Executive Deferred Compensation Plan were suspended during 2010. Includes employer contributions to Executive Deferred Compensation Plan for 2009 as follows: for Huseman, \$9,800; for Krenek, \$9,800; for Patterson, \$9,800; for Newman, \$8,459; and for Tyner, \$8,422. Includes employer contributions to Executive Deferred Compensation Plan for 2008 as follows: for Huseman, \$9,200; for Krenek, \$9,200; for Patterson, \$9,373; for Newman, \$0; and for Tyner, \$9,546. Includes vehicle allowance of \$6,350 for 2010, \$11,220 for 2009 and \$10,860 for 2008 for Patterson and \$7,625 for 2010, \$10,270 for 2009 and \$6,554 for 2008 for Newman. Includes cell phone allowance as follows for 2010: for Huseman, \$1,200; for Krenek, \$1,200; for Patterson, \$1,200; for Newman, \$1,200, and for Tyner, \$1,000.

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The following table sets forth information concerning grants of awards to each of our named executive officers under our 2003 Incentive Plan during fiscal 2010:

Grants of Plan-Based Awards 2010

Name (a)	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Underlying Stock			All Other Option Awards: Number of Exercise or Base Price of Option Awards (\$/Sh)			Grant Date Fair Value of Stock and Option Awards (l)
		Threshold	Target	Maximum	Threshold	Target	Maximum	Units	Options					
		(\$)	(\$)	(\$)	(#)	(#)	(#)	(#)	(#)	(\$/Sh)				
		(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)				
Kenneth V. Huseman	03/09/10(1)	\$	\$	\$		82,500							\$	819,225
	03/09/10(2)	\$	\$	\$		55,000	82,500						\$	726,380
	03/09/10(3)	\$	\$ 330,000	\$ 495,000									\$	
Alan Krennek	03/09/10(1)	\$	\$	\$		32,000							\$	317,760
	03/09/10(2)	\$	\$	\$		20,000	30,000						\$	264,138
	03/09/10(3)	\$	\$ 150,000	\$ 225,000									\$	
T.M. Roe Patterson	03/09/10(1)	\$	\$	\$		21,000							\$	208,530
	03/09/10(2)	\$	\$	\$		12,833	19,250						\$	169,485
	03/09/10(3)	\$	\$ 137,500	\$ 206,250									\$	
James F. Newman	03/09/10(1)	\$	\$	\$		9,500							\$	94,335
	03/09/10(2)	\$	\$	\$		8,750	13,125						\$	115,565
	03/09/10(3)	\$	\$ 105,000	\$ 157,500									\$	
James E. Tyner	03/09/10(1)	\$	\$	\$		8,500							\$	84,405
	03/19/10(2)	\$	\$	\$		8,233	12,350						\$	108,734
	03/09/10(3)	\$	\$ 76,000	\$ 114,000									\$	

- (1) Shares of restricted stock were granted by our Compensation Committee to certain of our employees, including our named executive officers, on March 9, 2010. The shares of restricted stock vest in one-fourth increments on each of March 15, 2012, 2013, 2014 and 2015. The shares of restricted stock were granted pursuant to our 2003 Incentive Plan.
- (2) Performance-based stock awards approved by our Compensation Committee to certain members of management including our named executive officers on March 9, 2010. The performance-based awards consist of shares to be earned based upon the Company's ranking in total shareholder return over the performance period, which is the one-year calculation period starting on the 20th NYSE trading day prior to and including the last NYSE trading day of 2009 and ending on the last NYSE trading day of 2010, as compared to other member of a defined peer group. The number of shares to be issued could have ranged from 0% to 150% of the target number of shares depending on the performance metrics noted above. 150% of the target shares set forth for each named executive officer was earned and issued in March 2011. These shares will vest in one-third increments on each of March 15, 2012, 2013, and 2014.
- (3) Cash incentive bonuses are determined by our Compensation Committee utilizing a set of metrics along with board discretion. These bonuses for 2010 performance were paid in March 2011. Performance targets were communicated to the named executive officers and other members of management that participate in the bonus on March 9, 2010. Potential annual cash awards for our CEO ranged from zero to 90% of base salary, with a target level of 60%. Potential annual cash awards for our Tier II named executive officers (Messrs. Krenak, Patterson, and Newman) ranged from zero to 75% of base salary, with a target level of 50%. Potential annual cash awards for our Tier III named executive officer (Mr. Tyner) ranged from zero to 60% of base salary, with a target level of 40%.

Employment Agreements

Pursuant to our employment agreement with Kenneth V. Huseman, our President and Chief Executive Officer, Mr. Huseman is entitled to an initial annual base salary of \$400,000. Mr. Huseman is also entitled to an annual

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performance bonus if certain performance criteria are met. In addition, Mr. Huseman is eligible from time to time to receive grants of stock options and other long-term equity incentive compensation under our equity compensation plan. If Mr. Huseman's employment were to be terminated for certain reasons, he would be entitled to a lump sum severance payment equal to three times the sum of his annual base salary plus his current annual incentive target bonus for the full year in which the termination of employment occurred. Additionally, if Mr. Huseman's employment were to be terminated for certain reasons within the six months preceding or the twelve months following a change in control of our company, he would be entitled to a lump sum severance payment equal to three times the sum of his annual base salary plus the higher of (i) his current annual incentive target bonus for the full year in which the termination of employment occurred or (ii) the highest annual incentive bonus received by him for any of the last three fiscal years. Mr. Huseman's employment agreement is effective through December 31, 2011 and will automatically renew for subsequent one-year periods unless notice of termination is properly given by us or Mr. Huseman. In the event that Mr. Huseman's employment agreement is not renewed by us for any reason other than cause and a new employment agreement has not been entered into prior to the expiration of the then-current term, Mr. Huseman will be entitled to the same severance benefits described above.

We have also entered into employment agreements with Alan Krenek, our Senior Vice President, Chief Financial Officer, Treasurer and Secretary, Thomas Monroe Patterson, our current Senior Vice President and Chief Operating Officer and James F. Newman, our current Group Vice President - Permian Basin Unit. Pursuant to their agreements, Messrs. Krenek, Patterson and Newman are entitled to initial annual base salaries of \$240,000, \$275,000 and \$210,000, respectively. Each of Messrs. Krenek, Patterson and Newman is also entitled to an annual performance bonus if certain performance criteria are met. In addition, each of Messrs. Krenek, Patterson and Newman is eligible from time to time to receive grants of stock options and other long-term equity incentive compensation under our equity compensation plan. If the employment of any of these officers were to be terminated for certain reasons, he would be entitled to a lump sum severance payment equal to 1.5 times the sum of his annual base salary plus his current annual incentive target bonus for the full year in which the termination of employment occurred. Additionally, if the employment of any of these officers were to be terminated for certain reasons within the six months preceding or the twelve months following a change in control of our company, he would be entitled to a lump sum severance payment equal to two times the sum of his annual base salary plus the higher of (i) his current annual incentive target bonus for the full year in which the termination of employment occurred or (ii) the highest annual incentive bonus received by him for any of the last three fiscal years. Each of these employment agreements is effective through December 31, 2011 and will automatically renew for subsequent one-year periods unless notice of termination is properly given by us or the officer. In the event that any of these employment agreements is not renewed by us for any reason other than cause and a new employment agreement has not been entered into prior to the expiration of the then-current term, the officer will be entitled to the same severance benefits described above.

The employment agreements for Messrs. Huseman, Krenek, Patterson and Newman also provide for gross up payments to the extent Section 280G of the Internal Revenue Code would apply to such payments as excess parachute payments. The employment agreement for Mr. Tyner does not contain these provisions.

We have also entered into an employment agreement with James E. Tyner, our Vice President - Human Resources. Pursuant to his agreement, Mr. Tyner is entitled to an initial annual base salary of \$140,000. Mr. Tyner is also entitled to an annual performance bonus if certain performance criteria are met. In addition, Mr. Tyner is eligible from time to time to receive grants of stock options and other long-term equity incentive compensation under our equity incentive plan. If Mr. Tyner's employment were to be terminated for certain reasons, he would be entitled to a lump sum severance payment equal to 0.75 times the sum of his annual base salary plus his current annual incentive target bonus for the full year in which the termination of employment occurred. Additionally, if Mr. Tyner's employment were to be terminated for certain reasons within the six months preceding or the twelve months following a change in control of our company, he would be entitled to a lump sum severance payment equal to 1.0 times the sum of his annual base salary plus the higher of (i) his current annual incentive target bonus for the full year in which the termination of

employment occurred or (ii) the highest annual incentive bonus received by him for any of the last three fiscal years. Mr. Tyner's employment agreement is effective through December 31, 2011 and will automatically renew for subsequent one-year periods unless notice of termination is properly given by us or Mr. Tyner. In the event that within the six months preceding or the twelve months following a change in control of our company, Mr. Tyner's employment agreement is not renewed by us for any reason other than cause and a new

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employment agreement has not been entered into prior to the expiration of the then-current term, Mr. Tyner will be entitled to the change of control severance benefits described above.

As consideration for us entering into the above employment agreements, each of Messrs. Huseman, Krennek, Patterson, Newman and Tyner has agreed in his employment agreement that, for a period of six months following the termination of his employment by us without cause or by him for good reason, and for a period of two years following the termination of his employment for retirement or any other reason, he will not, among other things, engage in any business competitive with ours, render services to any entity that is competitive with us or solicit business from certain of our customers or potential customers. These non-competition restrictions will not apply in the event that such termination is within twelve months of a change of control of our company. Additionally, each officer has agreed not to solicit any of our employees to terminate, reduce or otherwise adversely affect his or her employment with us for a period of six months following the termination of his employment by us without cause or by him for good reason, and for a period of two years from such officer's termination of employment for retirement or any other reason.

During 2009, in connection with salary and wage reductions for employees throughout the Company that were effective March 30, 2009, the Board reduced base salaries from previously determined levels for our named executive officers for 2009. In March 2010, our Compensation Committee, based on its discussion with its compensation consultant, approved base salaries for each of our named executive officers that returned the officers for 2010 to their initially approved 2009 base salary levels as follows: Mr. Huseman \$550,000; Mr. Krennek \$300,000; Mr. Patterson \$275,000; Mr. Newman \$210,000; and Mr. Tyner \$190,000. In March 2011, our Compensation Committee, based on its discussion with its compensation consultant, increased 2011 base salaries for each of our named executive officers as follows: Mr. Huseman \$700,000; Mr. Krennek \$350,000; Mr. Patterson \$325,000; Mr. Newman \$250,000; and Mr. Tyner \$225,000.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning unexercised stock options and unvested restricted stock of each of our named executive officers as of December 31, 2010:

Outstanding Equity Awards at Fiscal Year-End 2010

Option Awards			Stock Awards		
Equity Incentive Plan			Equity Awards: Incentive Market or Plan Payout Value		
Awards:			Awards: of Number of Unearned		
Number of Securities Underlying	Number of Securities Underlying	Number of Securities Underlying	Number of Shares	Market Value of Shares or Units of	Unearned Shares, or Units or Other

Name (a)	Unexercised Options (#) (b)	Unexercised Options (#) (c)	Unexercised Options (#) (d)	Option Exercise Price (\$) (e)	Option Expiration Date (f)	or Units of Stock That Have Not Vested (#) (g)	Stock That Have Not Vested (\$) (h)	Units or Other Rights that Have Not Vested (\$) (i)	Rights That Have Not Vested (\$) (j)
Kenneth V. Huseman									
5/5/2003	148,200			\$ 4.00	5/4/2013				
3/2/2005	100,000			\$ 6.98	3/1/2015				
3/15/2006(1)	45,000	15,000		\$ 26.84	3/14/2016				
3/15/2007(2)				\$		2,500	\$ 41,200		
3/15/2007(3)	30,000	30,000		\$ 22.66	3/15/2017				
3/11/2008(4)				\$		15,000	\$ 247,200		
3/18/2008(5)				\$		33,750	\$ 556,200		
3/13/2009(6)				\$		49,388	\$ 813,914		
3/13/2009(7)				\$		24,750	\$ 407,880		
3/09/2010(8)				\$		82,500	\$ 1,359,600		
3/09/2010(9)				\$		82,500	\$ 1,359,600		

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Name	Option Awards					Stock Awards			
	Equity Incentive Plan Awards:					Equity Incentive Plan Awards: Market or Plan Payout Value Awards: of Number of Unearned Shares, Units or Other Rights that Have Not Vested			
(a)	Number of Securities Underlying Unexercised Options (#) (b)	Number of Securities Underlying Unexercised Options (#) (c)	Number of Securities Underlying Exercised Options (#) (d)	Price (\$)(e)	Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(h)	Unearned Shares, Units or Other Rights that Have Not Vested (#) (i)	Unearned Payout Value Awards: of Number of Unearned Shares, Units or Other Rights that Have Not Vested (\$)(j)
Alan Krennek									
1/26/2005	76,250			\$ 5.16	1/25/2015				
3/2/2005	25,000			\$ 6.98	3/1/2015				
3/15/2006(1)	18,750	6,250		\$ 26.84	3/14/2016				
3/15/2007(2)				\$		5,000	\$ 82,400		
3/15/2007(3)	7,500	7,500		\$ 22.66	3/15/2017				
3/11/2008(4)				\$		8,000	\$ 131,840		
3/18/2008(5)				\$		16,875	\$ 278,100		
3/13/2009(6)				\$		26,340	\$ 434,083		
3/13/2009(7)				\$		9,000	\$ 148,320		
3/09/2010(8)				\$		32,000	\$ 527,360		
3/19/2010(9)				\$		30,000	\$ 494,400		
T.M. Roe									
Patterson									
3/15/2006(1)	11,250	3,750		\$ 26.84	3/14/2016				
3/15/2007(2)				\$		3,000	\$ 49,440		
3/15/2007(3)	2,500	2,500		\$ 22.66	3/15/2017				
3/11/2008(4)				\$		5,333	\$ 87,888		
3/18/2008(5)				\$		12,375	\$ 203,940		
3/13/2009(6)				\$		17,560	\$ 289,389		
3/13/2009(7)				\$		4,650	\$ 76,632		

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3/09/2010(8)			\$		21,000	\$	346,080
3/09/2010(9)			\$		19,250	\$	317,240
James F. Newman							
3/13/2009(6)			\$		10,975	\$	180,868
3/13/2009(7)			\$		3,600	\$	59,328
3/09/2010(8)			\$		9,500	\$	156,560
3/09/2010(9)			\$		13,125	\$	216,300
James E. Tyner							
3/2/2005	7,500		\$	6.98	3/1/2015		
3/15/2006(1)	11,250	3,750	\$	26.84	3/14/2016		
3/15/2007(2)			\$		2,000	\$	32,960
3/11/2008(4)			\$		2,666	\$	43,936
3/18/2008(5)			\$		5,250	\$	86,520
3/13/2009(6)			\$		8,780	\$	144,694
3/13/2009(7)			\$		3,900	\$	64,272
3/09/2010(8)			\$		8,500	\$	140,080
3/09/2010(9)			\$		12,350	\$	203,528

- (1) The unvested options vested on January 1, 2011.
- (2) One half of the unvested shares of restricted stock vested on March 15, 2011. The remainder will vest on March 15, 2012.
- (3) One half of the unvested options vested on January 1, 2011. The remainder will vest on January 1, 2012.

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- (4) One half of the unvested shares of restricted stock vested on March 15, 2011. The remainder will vest on March 15, 2012.
- (5) One third of the unvested shares of restricted stock vested on March 15, 2011. The remainder will vest in equal increments on March 15, 2012 and 2013.
- (6) One fourth of the unvested shares of restricted stock vested on March 15, 2011. The remainder will vest in equal increments on March 15, 2012, 2013 and 2014.
- (7) One third of the unvested shares of restricted stock vested on March 15, 2011. The remainder will vest in equal increments on March 15, 2012 and 2013.
- (8) Unvested shares of restricted stock will vest in four equal increments on March 15, 2012, 2013, 2014 and 2015.
- (9) One third of the unvested shares of restricted stock vested on March 15, 2012. The remainder will vest in equal increments on March 15, 2013 and 2014.

Option Exercises and Stock Vested

The following table sets forth information concerning exercises of stock options and vesting of restricted stock of each of our named executive officers during fiscal 2010:

Option Exercises and Stock Vested 2010

Name (a)	Option Awards		Stock Awards	
	Number of Shares	Value Realized	Number of Shares	Value
	Acquired on Exercise (#) (b)	on Exercise (\$) (c)	Acquired on Vesting (#) (d)	Realized on Vesting (\$) (e)
Kenneth V. Huseman		\$	20,000	\$ 189,000
Alan Krennek		\$	12,125	\$ 114,581
T.M. Roe Patterson		\$	8,292	\$ 78,359
James F. Newman		\$		\$
James E. Tyner		\$	4,083	\$ 38,584

Nonqualified Deferred Compensation Plans

The following table sets forth information concerning the nonqualified deferred compensation of our named executive officers during fiscal 2010:

Nonqualified Deferred Compensation 2010

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY	Aggregate Earnings in Last FY	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FY
(a)	(1)	(2)	(d)	(e)	(3)
	(\$)	(\$)	(\$)		(\$)
	(b)	(c)	(d)		
Kenneth V. Huseman	\$ 27,183	\$	\$ 64,861	\$	\$ 447,276
Alan Krenek	\$ 29,723	\$	\$ 51,648	\$	\$ 305,027
T.M. Roe Patterson	\$ 14,192	\$	\$ 18,394	\$	\$ 118,925
James F. Newman	\$ 31,122	\$	\$ 7,176	\$	\$ 71,972
James E. Tyner	\$ 63,300	\$	\$ 238	\$	\$ 240,061

- (1) Executive contributions during 2010 are included in the executive's salary and bonus amounts, as applicable, as reported in the Summary Compensation Table.
- (2) Registrant contributions during 2010 are included in all other compensation in the Summary Compensation Table.

Each of our named executive officers is permitted to participate in our Executive Deferred Compensation Plan. An executive officer permitted to participate in this plan may defer a portion of his compensation, up to a maximum of 50% of his annual salary and 100% of his annual cash bonus, into his plan account. We make an annual matching contribution to each participating executive's plan account, with the Company matching 100% of the first 3% of the executive's salary that is deferred, and 50% of the next 2% of the executive's salary that is deferred, up to a plan-year maximum of \$9,800. We may also make discretionary contributions into an executive officer's plan account from time to time as we deem appropriate. Subject to certain exceptions, our matching and discretionary contributions vest in one-fourth increments determined by the executive's years of service, with vesting beginning after two years of service, and full vesting occurring after five years of service. Effective January 1, 2010, we suspended our annual matching contribution. Each executive officer is always fully vested in his own contributions to his plan account. Earnings on an executive officer's plan account for any given year are dependent upon the investment options chosen by the executive officer for such plan account. Generally, participants under this plan may elect when and how distributions of vested amounts in a plan account will be made, including whether such distributions are in annual installments or a lump sum. However, certain key employees, including our named executive officers, may not receive distributions before a date six months after the date their employment with us is terminated for any reason other than death or disability.

Each of our named executive officers is party to an employment agreement as described above. Pursuant to these agreements, these officers are entitled to certain severance benefits. In addition, the grant agreements relating to our executive officers' stock option and restricted stock awards provide for accelerated vesting under certain circumstances. The tables below quantify amounts that would have been paid assuming the following events took place on December 31, 2010:

						CIC with Termination		
				Termination by Company Except for Cause	Termination by Executive for Good Reason(3)	Change in Control without Termination(4)	for Good Reason or without Cause	
Voluntary Termination	Retirement(1)	Cause(2)						Death
								Disability
\$	N/A	\$	\$ 2,640,000	\$ 2,640,000	\$	\$ 2,850,000	\$	\$
\$	\$ 330,000	\$	\$ 330,000	\$ 330,000	\$	\$ 330,000	\$ 330,000	\$ 330,000
\$	\$	\$	\$	\$	\$	\$	\$	\$
\$	\$	\$	\$ 4,291,194	\$	\$	\$ 4,785,594	\$ 4,332,394	\$ 4,332,394

\$	N/A	\$	\$	\$	\$	\$	\$	\$
N/A	N/A	N/A	\$ 26,288	\$ 26,288	N/A	\$ 26,288	\$	\$
N/A	N/A	N/A	N/A	N/A	N/A	\$	N/A	
\$	\$ 330,000	\$	\$ 7,287,482	\$ 2,996,288	\$	\$ 7,991,882	\$ 4,662,394	\$ 4,662,394

Table of Contents**Potential Post-employment Payments as of December 31, 2010 Alan Krenek**

	Voluntary	Termination for Retirement(1)	Termination Cause(2)	Termination by Company Except for Cause	Termination by Executive for Good Reason(3)	Change in Control without Termination(4)	CIC with Termination for Good Reason or without Cause	Death	Disability
ensionation									
nce(5)	\$		N/A	\$ 675,000	\$ 675,000	\$	\$ 1,080,000	\$	\$
(6)	\$	\$ 150,000	\$	\$ 150,000	\$ 150,000	\$	\$ 150,000	\$ 150,000	\$ 150,000
Term Incentive(7):									
eration of Unvested									
Options	\$	\$	\$	\$	\$	\$	\$	\$	\$
eration of Unvested									
ected Stock	\$	\$	\$	\$ 1,849,303	\$	\$	\$ 2,096,503	\$ 1,931,703	\$ 1,931,703
ts and									
sites(8):									
yer Contributions									
utive Deferred									
ensionation Plan	\$	\$	\$	\$	\$	\$	\$	\$	\$
A Continuation	N/A	N/A	N/A	\$ 17,891	\$ 17,891	N/A	\$ 17,891	\$	\$
Tax Gross-up	N/A	N/A	N/A	N/A	N/A	N/A	\$ 660,295	N/A	
	\$	\$ 150,000	\$	\$ 2,692,194	\$ 842,891	\$	\$ 4,004,689	\$ 2,081,703	\$ 2,081,703

Potential Post-employment Payments as of December 31, 2010 T.M. Roe Patterson

	Voluntary	Termination for Retirement(1)	Termination Cause(2)	Termination by Company Except for Cause	Termination by Executive for Good Reason(3)	Change in Control without Termination(4)	CIC with Termination for Good Reason or without Cause	Death	Disability
ensionation									
nce(5)	\$		N/A	\$ 618,750	\$ 618,750	\$	\$ 850,000	\$	\$
(6)	\$	\$ 137,500	\$	\$ 137,500	\$ 137,500	\$	\$ 137,500	\$ 137,500	\$ 137,500
Term Incentive(7):									

eration of Unvested Options	\$	\$	\$	\$	\$	\$	\$	\$	\$
eration of Unvested ected Stock	\$	\$	\$	\$ 1,215,416	\$	\$	\$ 1,370,600	\$ 1,264,856	\$ 1,264,856
ts and sites(8):									
er Contributions									
utive Deferred									
ensation Plan	\$	\$ 9,222	\$	\$	\$	\$	\$ 9,222	\$ 9,222	\$ 9,222
A Continuation	N/A	N/A	N/A	\$ 26,384	\$ 26,384	N/A	\$ 26,384	\$	\$
Tax Gross-up	N/A	N/A	N/A	N/A	N/A	N/A	\$ 498,445	N/A	N/A
	\$	\$ 146,722	\$	\$ 1,998,050	\$ 782,634	\$	\$ 2,892,151	\$ 1,411,578	\$ 1,411,578

Table of Contents**Potential Post-employment Payments as of December 31, 2010 James F. Newman**

	Voluntary	Termination for Retirement(1)	Termination Except for Cause(2)	Termination by Company Except for Cause	Termination by Executive for Good Reason(3)	Change in Control without Termination(4)	CIC with Termination for Good Reason or without Cause	Death	Disability
Compensation									
Insurance(5)	\$	N/A	\$	\$ 472,500	\$ 472,500	\$	\$ 630,000	\$	\$
Bonus(6)	\$	\$ 105,000	\$	\$ 105,000	\$ 105,000	\$	\$ 105,000	\$ 105,000	\$ 105,000
Long-Term Incentive(7):									
Acceleration of Unvested									
Stock Options	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acceleration of Unvested									
Restricted Stock	\$	\$	\$	\$ 540,956	\$	\$	\$ 613,056	\$ 540,956	\$ 540,956
Benefits and									
Perquisites(8):									
Employer Contributions									
Executive Deferred									
Compensation Plan	\$	\$ 8,199	\$	\$	\$	\$	\$ 8,199	\$ 8,199	\$ 8,199
401(k) Plan Continuation	N/A	N/A	N/A	\$ 17,891	\$ 17,891	N/A	\$ 17,891	\$	\$
401(k) Tax Gross-up	N/A	N/A	N/A	N/A	N/A	N/A	\$ 340,086	N/A	N/A
Total	\$	\$ 113,199	\$	\$ 1,136,347	\$ 595,391	\$	\$ 1,714,232	\$ 654,155	\$ 654,155

Potential Post-employment Payments as of December 31, 2010 James E. Tyner

	Voluntary	Termination for Retirement(1)	Termination Except for Cause(2)	Termination by Company Except for Cause	Termination by Executive for Good Reason(3)	Change in Control without Termination(4)	CIC with Termination for Good Reason or without Cause	Death	Disability
Compensation									
Insurance(5)	\$	N/A	\$	\$ 199,500	\$ 199,500	\$	\$ 300,000	\$	\$
Bonus(6)	\$	\$ 76,000	\$	\$ 76,000	\$ 76,000	\$	\$ 76,000	\$ 76,000	\$ 76,000

Long-Term Incentive(7):									
Acceleration of Unvested									
Stock Options	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acceleration of Unvested									
Restricted Stock	\$	\$	\$	\$ 615,182	\$	\$	\$ 715,982	\$ 648,142	\$ 648,142
Benefits and									
Perquisites(8):									
Employer Contributions									
Executive Deferred									
Compensation Plan	\$	\$	\$	\$	\$	\$	\$	\$	\$
401(k) Continuation	N/A	N/A	N/A	\$ 17,634	\$ 17,634	N/A	\$ 17,634	\$	\$
Total	\$	\$ 76,000	\$	\$ 908,316	\$ 293,134	\$	\$ 1,109,616	\$ 724,142	\$ 724,142

- (1) *Retirement.* Retirement is defined for purposes of Mr. Huseman's employment agreement as his voluntary termination of his employment after attaining age 60 and accruing five years of service with us, and for purposes of each other executive's employment agreement, as such executive's voluntary termination of his employment after attaining age 65 and accruing ten years of service with us. For purposes of the acceleration of unvested stock options, Retirement means the voluntary termination of his employment by an executive officer after he has attained the age of 65.
- (2) *Cause.* Under each executive officer's employment agreement, the definition of Cause includes, among other things, conviction of the executive officer of a crime involving moral turpitude or a felony, commission by the executive officer of fraud upon, or misappropriation of funds of, the Company, knowing engagement by the executive officer in any activity in direct competition with the Company, and a material breach by the executive officer of such employment agreement. For purposes of the acceleration of unvested stock options, Cause has the same meaning as it has for purposes of the 2003 Incentive Plan. For purposes of the acceleration of unvested

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restricted stock, Cause has the same meaning as it has for purposes of the executive officer's employment agreement.

- (3) *Good Reason.* Under each executive officer's employment agreement, the definition of Good Reason includes, among other things, a reduction in the executive officer's base salary or bonus opportunity, a relocation of more than fifty miles of the executive officer's principal office, a substantial and adverse change in the executive officer's duties, control, authority, status or position, the failure of the Company to continue in effect any pension plan, life insurance plan, health-and-accident plan, retirement plan, disability plan, stock option plan, deferred compensation plan or executive incentive compensation plan under which the executive officer was receiving material benefits, or the Company's material reduction of the executive officer's benefits under any such plan, and any material breach by the Company of any other material provision of such employment agreement. Prior to terminating his employment for Good Reason, the executive officer must comply with the notice provisions of his employment agreement. For purposes of the acceleration of unvested stock options, Good Reason has the same meaning as it has for purposes of the 2003 Incentive Plan, except that any reduction in the executive officer's salary, bonus opportunity or benefit must follow a change in control. For purposes of the acceleration of unvested restricted stock, Good Reason has the same meaning as it has for purposes of the executive officer's employment agreement.
- (4) *Change in Control.* Under each executive officer's employment agreement, the definition of Change in Control (or CIC) includes, subject to certain exceptions, (i) acquisition by any individual, entity or group of beneficial ownership of 50% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors, (ii) approval by the stockholders of the Company of a merger, unless immediately following such merger, substantially all of the holders of the Company's securities immediately prior to the merger beneficially own more than 50% of the common stock of the corporation resulting from such merger, and (iii) the sale or other disposition of all or substantially all of the assets of the Company. For purposes of the acceleration of unvested stock options, Change in Control has the same meaning as it has for purposes of the 2003 Incentive Plan. For purposes of the acceleration of unvested restricted stock, Change in Control has the same meaning as it has for purposes of the executive officer's employment agreement. For purposes of the executive deferred compensation plan, Change in Control means, subject to certain exceptions, (i) the acquisition by any person other than DLJ Merchant Banking and its affiliates of 40% or more of the combined voting power of the Company's securities, (ii) the directors serving on the Company's Board of Directors at the time the plan was adopted ceasing to constitute a majority of the Company's Board of Directors, or (iii) the liquidation or dissolution of, or the sale of substantially all of the assets of, the Company.
- (5) *Severance.*

Termination except for Cause or termination of his own employment for Good Reason or Retirement

Each executive officer would be entitled to a lump sum severance payment equal to a multiple of the sum of his base salary plus his current annual incentive target bonus for the full year in which the termination of employment occurred. For Mr. Huseman, the multiple is three, for Messrs. Krennek, Patterson and Newman, the multiple is 1.50, and for Mr. Tyner, the multiple is 0.75. During 2010, the annual incentive target bonus for our named executive officers utilized was 60% for Mr. Huseman, 50% for Messrs. Krennek, Patterson and Newman, and 40% for Mr. Tyner, in each case of their annual salary as of the end of the fiscal year. We paid annual incentive bonuses to our named executive officers of between approximately 47% and 71% of their annual salaries as of the end of the fiscal year.

Termination except for Cause, or termination of his own employment for Good Reason or Retirement, within the six months preceding or the twelve months following a Change in Control

Each executive officer would be entitled to a lump sum severance payment equal to a multiple of the sum of his base salary plus the higher of (i) his current annual incentive target bonus for the full year in which the termination of employment occurred or (ii) the highest annual incentive bonus received by him for any of the last three fiscal years. For Mr. Huseman, the multiple is three, for Messrs. Krenek, Patterson and Newman, the multiple is two, and for Mr. Tyner, the multiple is one.

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(6) *Bonus.* In addition to severance payments, the named executive officers are entitled to a pro rata portion of their estimated bonus upon certain events of termination. The above tables reflect the annual incentive target bonus for the named executive officers for 2010.

(7) *Long-Term Incentive.*

Stock Options

In the event of a termination of the executive by the Company for Cause or voluntary termination by the executive (other than for Retirement), all vested and unvested stock options expire on the termination date. In the event of Retirement, all unvested stock options expire on the termination date and all vested options expire six months after the termination date. In the event of death or disability, all unvested stock options expire on the termination date and all vested options expire one year after the termination date. In the event of any other involuntary or voluntary termination, all unvested stock options expire on the termination date and all vested options expire 90 days after the termination date. If the executive's employment is terminated by the Company other than for Cause or terminated by the executive for Good Reason, in either case within two years after a Change in Control, all unvested stock options will immediately vest pursuant to the terms of the grant agreement and the 2003 Incentive Plan.

Restricted Stock

All unvested shares of restricted stock will be forfeited by the executive officer if the executive officer's employment is terminated by the Company for Cause or by the executive officer other than for Good Reason or as a result of a Change in Control. For awards granted after March 1, 2005, if the executive officer's employment is terminated by the Company other than for Cause or terminated by the executive officer for Good Reason, in either case within two years after a Change in Control, all unvested shares of restricted stock will immediately vest pursuant to the terms of the grant agreement.

(8) *Other Benefits and Perquisites.*

Employer Contributions to Executive Deferred Compensation Plan

Each executive officer will become fully vested in all unvested matching and discretionary contributions made by the Company into his plan account upon (i) obtaining the age of 65, (ii) his death or disability or (iii) a termination for any reason whatsoever within 24 months following a Change in Control. Otherwise, each executive officer will forfeit any unvested portion of his plan account upon a termination for any reason. Additionally, certain key employees, including the named executive officers, may not receive distributions before a date six months after the date they separate service from the Company for any reason other than death or disability.

COBRA Continuation

In addition to the above cash benefits paid pursuant to each executive officer's employment agreement, the Company will continue to provide the executive officer and his dependents with health benefits for up to 18 months.

280G Tax Gross-up

The employment agreements for Messrs. Huseman, Krenek, Patterson, and Newman provide for gross up payments to the extent Section 280G of the Internal Revenue Code would apply to any payments as excess parachute payments. The employment agreement for Mr. Tyner does not contain this provision.

Any benefits payable as described above are payable in a cash lump sum not later than 60 calendar days following the termination date. The employment agreements of the named executive officers also contain certain non-competition and non-solicitation provisions. For additional information regarding these employment agreements, see Executive Compensation Matters Employment Agreements.

Table of Contents**Director Compensation**

The following table sets forth information concerning the 2010 compensation of each of our directors other than Kenneth V. Huseman, who is a named executive officer and receives no compensation for serving as a director:

Director Compensation 2010

Name (a)	Fees Earned or Paid in Cash (\$) (b)	Stock Awards (\$) (c)	Option Award (\$) (d)	Non-Equity Incentive Plan Compensation (\$) (e)	Change in Pension Value and Deferred Compensation Earnings (\$) (f)	Nonqualified Compensation (\$) (g)	All Other Compensation (\$) (h)	Total (\$) (i)
Steven A. Webster	\$ 81,000	\$ 99,300	\$	\$	\$	\$	\$	\$ 180,300
Sylvester P. Johnson, IV	\$ 65,000	\$ 69,510	\$	\$	\$	\$	\$	\$ 134,510
William E. Chiles	\$ 83,000	\$ 69,510	\$	\$	\$	\$	\$	\$ 152,510
Robert F. Fulton	\$ 51,000	\$ 69,510	\$	\$	\$	\$	\$	\$ 120,510
James S. D. Agostino, Jr.	\$ 77,000	\$ 69,510	\$	\$	\$	\$	\$	\$ 146,510
Thomas P. Moore, Jr.	\$ 92,000	\$ 69,510	\$	\$	\$	\$	\$	\$ 161,510
Antonio O. Garza, Jr.	\$ 57,000	\$ 69,510	\$	\$	\$	\$	\$	\$ 126,510

- (1) This column represents the total grant date fair value of restricted stock awards granted to each of the applicable directors. The fair value of restricted stock awards was calculated based upon the closing market price of the Company's common stock on the grant date. The actual value that a director will realize upon vesting of restricted stock awards will depend on the market price of the Company's stock on the vesting date, so there is no assurance that the value realized by a director will be at or near the value of the market price of the Company's stock on the grant date.

For additional information regarding fees earned for services as a director in 2010, including annual retainer fees, committee and chairmanship fees, and meeting fees, see Board of Directors and Committees of the Board Board of Directors Compensation and Compensation Discussion and Analysis Board Process Compensation of Directors.

Transactions with Related Persons, Promoters and Certain Control Persons

Transactions with Related Persons. During 2010, there were no transactions with related persons that were required to be disclosed in this proxy statement, other than as set forth below. During 2006, we entered into a lease agreement with Darle Vuelta Cattle Co., LLC, an affiliate of Mr. Huseman, our chief executive officer, for approximately \$69,000 per year. The term of the lease is five years and will continue on a year-to-year basis unless terminated by

either party. In December 2010, we entered into a lease agreement with Darle Vuelta Cattle Co., LLC for the right to operate a salt water disposal well, brine well and fresh water well. The term of the lease is two years and will continue until the salt water disposal well and brine well are plugged and no fresh water is being sold. The lease payments are the greater of (i) the sum of \$0.10 per barrel of disposed oil and gas waste and \$0.05 per barrel of brine or fresh water sold or (ii) \$5,000 per month.

Review, Approval or Ratification of Transactions with Related Persons. Pursuant to the charter of the Audit Committee, the Audit Committee is responsible for establishing procedures for the approval of all related party transactions between the Company and any officer or director that would potentially require disclosure. The Board of Directors has adopted a written policy regarding related party transactions that is to be administered by the Audit Committee. The policy applies generally to transactions, arrangements or relationships in which the Company was, is or will be a participant, in which the amount involved exceeds \$60,000 and in which any related person had, has or will have a direct or indirect material interest. Related persons include, among others, directors and officers of the Company, beneficial owners of 5% or more of the Company's voting securities, immediate family members of the foregoing persons, and any entity in which the foregoing persons are employed, are a principal or in which such person has more than a 10% beneficial ownership interest. The Company's Chief Financial Officer is responsible for submitting related person transactions to the Audit Committee for approval by the committee at regularly

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scheduled meetings, or, if such approval is not practicable, to the Chairman of the Audit Committee for approval between such meetings. When considering related person transactions, the Audit Committee, or where submitted to the Chairman, the Chairman, will consider all of the relevant facts available, including, but not limited to: the benefits of the transaction to the Company; the impact on a director's independence in the event the related person is a director; the availability of other sources for comparable products or services; the terms of the transaction; and the terms of comparable transactions available to unrelated third parties or to employees of the Company generally. The

Company is not aware of any transaction that was required to be reported in its filings with the SEC where such policies and procedures either did not require review or were not followed.

Compensation Committee Interlocks and Insider Participation

Messrs. Chiles (Chairman), D'Agostino and Garza serve as the members of our Compensation Committee. The Board of Directors has determined that Messrs. Chiles, D'Agostino and Garza are independent directors (as defined by NYSE listing standards). None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of our Board of Directors or Compensation Committee.

Leadership Structure of the Company's Board

Mr. Webster is the Chairman of the Board. The Chairman is not the principal executive officer of the Company. The Board believes that the separation of the Chairman and the Chief Executive Officer functions in this structure is appropriate for oversight purposes on behalf of its investors and given that the Company's common stock is publicly traded.

Board Role in Risk Oversight of the Company

The Board has delegated certain responsibilities to the Audit Committee under the Company's Audit Committee Charter. These responsibilities include: (i) meeting periodically with management and/or the Company's Chief Financial Officer and Controller to review and discuss (A) the Company's major financial risk exposures and steps management has taken to monitor and control such exposures, including guidelines and policies with respect to risk management and risk assessment and (B) the effects of regulatory and accounting changes; (ii) reviewing and discussing with the Company's independent auditor reports that the independent auditors are required to provide to the Audit Committee relating to significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements; (iii) discussing periodically with members of management, the Company's internal auditors and the Company's independent auditor the adequacy and effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting, any changes in internal controls, and any significant deficiencies or material weaknesses in the design or operation of internal controls; and (iv) establishing and maintaining whistleblower procedures for complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters. In connection with these risk oversight matters, the Audit Committee also regularly reviews with management safety and litigation matters.

The Board receives regular reports from the Chairman of the Audit Committee regarding its activities and actions, as well as any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the auditors, and the performance of the internal audit function.

The Board does not have any separate risk committees. However, the Compensation Committee, in connection with setting 2010 and 2011 compensation, has considered whether its compensation policies and practices are reasonably likely to cause a material adverse effect on the Company. Risk oversight with respect to other Company matters, to the extent applicable, remains with the Board or the Company's management.

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AUDIT RELATED MATTERS

Audit Committee Report

The Audit Committee of the Board of Directors consists of three directors who are independent, as defined by the standards of the New York Stock Exchange and the rules of the Securities and Exchange Commission. Under the charter approved by the Board, the Audit Committee assists the Board in overseeing matters relating to the accounting and financial reporting practices of the Company, the adequacy of its internal controls and the quality and integrity of its financial statements and is responsible for selecting and retaining the independent auditors. The Company's management is responsible for preparing the financial statements of the Company, and the independent auditors are responsible for auditing those financial statements. The Audit Committee's role under the charter is to provide oversight of management's responsibility. The Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditors' work. The Committee met seven times during the year ended December 31, 2010.

The independent auditors provided the Committee a written statement describing all the relationships between the auditors and the Company that might bear on the auditors' independence consistent with Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. The Committee also discussed with the auditors any relationships that may impact the independence of the auditors.

The Committee discussed and reviewed with the independent auditors all communications required to be discussed by standards of the Public Company Accounting Oversight Board, including those described in Statement of Auditing Standards No. 61, as amended, Communication with Audit Committees.

The Committee reviewed the Company's audited financial statements as of and for the year ended December 31, 2010, and discussed them with management and the independent auditors. Based on such review and discussions, the Committee recommended to the Board that the Company's audited financial statements be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2010, for filing with the Securities and Exchange Commission.

This report of the Audit Committee shall not be deemed soliciting material, or to be filed with the Securities and Exchange Commission or subject to Regulation 14A or 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934 (the Exchange Act), except to the extent that the Company specifically requests that the information be treated as soliciting material or specifically incorporates it by reference into a document filed under the Securities Act of 1933 (the Securities Act) or the Exchange Act.

Thomas P. Moore, Jr., Chairman
James S. D'Agostino, Jr.
William E. Chiles

Table of Contents**Independent Auditor and Fees**

KPMG LLP, a registered public accounting firm, audited the Company's consolidated financial statements for fiscal 2010, and has advised the Company that it will have a representative available at the 2011 Annual Meeting to respond to appropriate questions. Such representative will be permitted to make a statement if he or she so desires.

KPMG LLP has billed the Company and its subsidiaries fees as set forth in the table below for (i) the audits of the Company's 2009 and 2010 annual financial statements, reviews of quarterly financial statements, and review of the Company's documents filed with the Securities and Exchange Commission, (ii) assurance and other services reasonably related to the audit or review of the Company's financial statements, and (iii) services related to tax compliance.

	Audit Fees	Audit-Related Fees	Tax Fees(1)
Fiscal 2010(2)	\$ 1,005,299	\$	\$
Fiscal 2009(2)	\$ 1,308,094	\$	\$

(1) Tax Fees are paid for professional services relating to tax compliance, planning and advice.

(2) There were no fees billed in 2010 or 2009 that would constitute All Other Fees.

Audit Committee Pre-Approved Policies and Procedures

The Audit Committee of the Board of Directors has adopted policies regarding the pre-approval of auditor services. Specifically, commencing in 2006, the Audit Committee began approving at its May meeting all services provided by the independent public accountants. All additional services must be pre-approved on a case-by-case basis. The Audit Committee reviews the actual and budgeted fees for the independent public accountants at its first and fourth meetings. All of the services provided by KPMG LLP during fiscal 2010 were approved by the Audit Committee.

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PROPOSAL 2:

**APPROVAL OF AMENDMENT TO THE FOURTH AMENDED AND RESTATED
BASIC ENERGY SERVICES, INC. 2003 INCENTIVE PLAN**

On March 10, 2011, pursuant to the recommendation of the Compensation Committee, the Board of Directors unanimously approved, subject to stockholder approval, an amendment to the Fourth Amended and Restated Basic Energy Services, Inc. 2003 Incentive Plan (as amended by the amendment, the Restated Incentive Plan) to increase the number of shares of our common stock authorized for issuance under the Restated Incentive Plan by 1,250,000 shares from 7,100,000 shares to 8,350,000 shares. If the amendment is approved, it will be effective as of May 24, 2011, the date of the 2011 Annual Meeting of Stockholders.

The Restated Incentive Plan is intended to promote the interests of the Company by encouraging officers, employees, directors and consultants of the Company and its affiliates to acquire or increase their equity interest in the Company and to provide a means whereby they may develop a sense of proprietorship and personal involvement in the development and financial success of the Company, and to encourage them to remain with and devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its stockholders. The Restated Incentive Plan is also intended to enhance the ability of the Company and its affiliates to attract and retain the services of individuals who are essential for the growth and profitability of the Company. Based on Basic's current grant practices and the number of shares available for future grant, the Company may have insufficient shares for grants beyond 2011. Increasing the total number of shares available is necessary for the Company to have additional shares available for issuance as awards and better flexibility when making awards in the future with respect to annual limits.

To affect the amendment, Section 4(a) of the Restated Incentive Plan would be amended and restated in its entirety as follows:

(a) Shares Available. Subject to adjustment as provided in Section 4(c), the aggregate number of Shares with respect to which Awards may be granted under the Plan shall be up to 8,350,000 Shares (including after giving effect to a 5-for-1 stock split effected as a stock dividend on September 26, 2005). Except for withholding of Shares for payment of taxes or exercise price, if any Award is exercised, paid, forfeited, terminated or canceled without the delivery of Shares, then the Shares covered by such Award, to the extent of such payment, exercise, forfeiture, termination or cancellation, shall again be Shares with respect to which Awards may be granted. Awards will not reduce the number of Shares that may be issued pursuant to the Plan if the settlement of the Award will not require the issuance of Shares, as, for example, an Other Stock-Based Award that can be satisfied only by the payment of cash.

After giving effect to the proposed amendment, the maximum number of additional shares of our common stock that may be granted under the Restated Incentive Plan on or after April 8, 2011, assuming no cancellation or forfeiture of outstanding awards and the issuance of the maximum number of shares under performance-based awards, will be 2,172,343 shares. This number represents shares available for, but not yet subject to a grant or award as of April 8, 2011 (922,343 shares), plus the additional 1,250,000 shares authorized under the amendment.

A majority of the votes cast is required to approve this proposal. **Brokers do not have discretion to vote on this proposal without your instruction. If you do not instruct your broker how to vote on this proposal, your broker will deliver a non-vote on this proposal.**

The Board of Directors unanimously recommends that you vote FOR this proposal.

The following is a summary of the key terms of the Restated Incentive Plan, as amended to reflect the proposed amendment. The summary does not purport to be a complete description of all provisions of the Restated Incentive Plan and is qualified in its entirety by reference to the complete text of the Restated Incentive Plan, which is incorporated by reference to Annex A to the Company's Definitive Proxy Statement on Schedule 14A for the Company's 2009 Annual Meeting of Stockholders (which Definitive Proxy Statement was filed on April 24, 2009).

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Summary of Key Terms of the Restated Incentive Plan

Shares Available; Types of Awards

The aggregate number of shares with respect to which awards may be granted under the Restated Incentive Plan, subject to stockholder approval, is up to 8,350,000 shares of the Company's common stock.

The Restated Incentive Plan permits the granting of the following types of awards to officers, employees, directors and consultants of the Company: (i) stock options to purchase shares of common stock (Options), which may be either (a) incentive stock options within the meaning of Section 422 of the Internal Revenue Code or (b) nonqualified stock options that are not intended to satisfy the requirements of Section 422 of the Internal Revenue Code; (ii) restricted stock (Restricted Stock); (iii) performance awards, which are designated as a cash amount at the time of grant but may be paid in cash and/or shares at the time earned or vested (Performance Awards); (iv) bonus shares (Bonus Shares); (v) phantom shares (Phantom Shares); (vi) cash awards (Cash Awards); and (vii) other stock-based awards (Other Stock-Based Awards, and collectively with Options, Restricted Stock, Performance Awards, Bonus Shares, Phantom Shares and Cash Awards, Awards).

Eligibility for Participation

Incentive stock options may be granted only to individuals who are employees (whether or not they are directors) of the Company and its parent corporation and subsidiary corporations (within the meaning of Section 424 of the Internal Revenue Code while each such entity is a Corporation as described in Section 7701(a)(3) of the Internal Revenue Code and Treas. Reg. Section 1.421-1(i)(1)) of the Company. All other Awards may be granted to any employee of the Company or an affiliate of the Company, directors of the Company, or consultants of the Company or an affiliate of the Company. As of the date of this Proxy Statement, approximately 4,800 employees and seven non-employee directors are eligible to participate in the Restated Incentive Plan. The Company has not issued Awards under the existing plan to any consultants and does not currently have any plans to do so under the Restated Incentive Plan.

Administration

The Restated Incentive Plan will be administered by the Compensation Committee of the Board, consisting of not less than two non-employee, outside directors of the Company appointed by the Board. The members of the Compensation Committee, as of the date of this Proxy Statement, are Messrs. William E. Chiles (Chairman), James S. D'Agostino, Jr. and Antonio O. Garza, Jr. Subject to the terms and conditions of the Restated Incentive Plan, the Compensation Committee will have authority to: (i) designate the employees, directors and consultants who are to be granted Awards; (ii) determine the type or types of Awards to be granted; (iii) determine the number of shares to be covered by, or with respect to which payments, rights or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, shares, other securities, other Awards or other property, or canceled, forfeited, or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances any Award will be deferred; (vii) interpret and administer the Restated Incentive Plan and any instrument or agreements relating to an Award; (viii) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it may deem appropriate for the proper administration of the Restated Incentive Plan; and (ix) make any other determination and take any other action that it deems necessary or desirable for the administration of the Restated Incentive Plan.

Amendment and Termination

Except as required by applicable law or the rules of the New York Stock Exchange (or other principal exchange on which the Company's shares are traded), and subject to certain limitations regarding effects on Awards granted, the Board or the Compensation Committee in its discretion may amend, alter, suspend, discontinue or terminate the Restated Incentive Plan. Accordingly, any amendment would require the approval of the stockholders of the Company if required by applicable law or the rules of the New York Stock Exchange. In addition, no amendment, suspension or termination of the Restated Incentive Plan, and no amendment or alteration of any Award, shall,

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without the consent of the holder of an Award, reduce the benefit to such holder. Furthermore, any action that may constitute a repricing must be approved by the entire Board of Directors, and any such Board-approved repricing will be inoperative and ineffective unless and until approved by the stockholders of the Company. Subject to certain limitations, the Compensation Committee is authorized to make adjustments to Awards in recognition of unusual or nonrecurring events affecting the Company whenever the Compensation Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Restated Incentive Plan.

Options

The Compensation Committee will have the authority to grant Options (subject to the limitations set forth below) to such participants, in such amounts and with such terms and conditions as it may from time to time approve, subject to the terms of the Restated Incentive Plan. Subject to adjustment under the Restated Incentive Plan, no participant may receive more than 300,000 Options under the Restated Incentive Plan during any calendar year.

Manner of Exercise

To exercise an Option granted under the Restated Incentive Plan, the person entitled to exercise the Option must deliver to the Company payment in full of the exercise price for the shares being purchased, together with any required withholding taxes. The Compensation Committee will determine the method or methods by which, and the form or forms in which, payment of the exercise price may be made or deemed to have been made which may include, without limitation, cash, check acceptable to the Company, shares of common stock held for the period required to avoid a charge to the Company's reported financial earnings and owned free and clear of any liens, claims, encumbrances or security interests, outstanding Awards, a Company-approved cashless broker exercise, other securities or other property, notes approved by the Compensation Committee, or by any combination thereof, having a fair market value on the exercise date equal to the relevant exercise price. The value of each share of common stock delivered will be deemed to be equal to the closing sales price of a share on the applicable date (or if there is no trading on such date, on the next preceding date on which there was trading).

Exercise Price

The price at which shares of common stock may be purchased upon the exercise of an Option will be determined by the Compensation Committee at the time the Option is granted, but will not be less than the fair market value per share on the grant date, which value will be based on the closing sales price of a share on the applicable date (or if there is no trading on such grant date, on the next preceding date on which there was trading). The Restated Incentive Plan expressly prohibits the repricing of Options except in the event of adjustments (i) to stock-based Awards for a change in corporate capitalization, such as a stock split or dividend; corporate transactions, such as a corporate merger, a corporate consolidation, any corporate separation and any corporate reorganization; any partial or complete corporate liquidation; a change in accounting rules required by the Financial Accounting Standards Board; or (ii) to any Award (that is not intended to meet the requirements of the performance based compensation exception to Section 162(m) of the Internal Revenue Code) to reflect a significant corporate event.

Option Term

Subject to the terms of the Restated Incentive Plan, the Compensation Committee will determine the term of each Option, provided that in no event will the term of any Option exceed a period of 10 years from the date of its grant. Additionally, no Option that is intended to be an incentive stock option will be exercisable after the expiration of 10 years from its date of grant. The Compensation Committee may, in its discretion, (i) establish terms and conditions for the transfer of a nonqualified stock option to immediate family members or related family trusts, or similar

entities, and (ii) allow Awards (other than incentive stock options) to be transferred pursuant to a qualified domestic relations order, notwithstanding anything in the Restated Incentive Plan to the contrary.

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Restricted Stock

The Compensation Committee will have the authority to grant awards of Restricted Stock (subject to the limitations set forth below) and to determine (i) the participants to whom Restricted Stock will be granted, (ii) the number of shares of Restricted Stock to be granted to each such participant, (iii) the duration of the period of restrictions, and if the restrictions do not lapse, the conditions under which the Restricted Stock will be forfeited to the Company, and (iv) the other terms and conditions of such grants of Restricted Stock. Subject to adjustment under the Restated Incentive Plan, no participant may receive more than 300,000 shares of Restricted Stock under the Restated Incentive Plan during any calendar year.

Dividends

As determined by the Compensation Committee in its discretion, dividends paid on Restricted Stock may be paid directly to the participant, may be subject to risk of forfeiture and/or transfer restrictions during any period established by the Compensation Committee or sequestered and held in a bookkeeping cash account (with or without interest) or reinvested on an immediate or deferred basis in additional shares of common stock.

Forfeiture and Restrictions Lapse

Except as otherwise determined by the Compensation Committee or the terms of the Award that granted the Restricted Stock, upon termination of a participant's employment for any reason during the applicable period of restriction, all Restricted Stock will be forfeited by the participant and reacquired by the Company. Unrestricted shares of common stock will be issued to a holder of Restricted Stock promptly after the applicable restrictions have lapsed or otherwise been satisfied.

Performance Awards

The Compensation Committee will have the authority to grant Performance Awards (subject to the limitations set forth below) to such participants, in such amounts and with such terms and conditions as it may from time to time approve, subject to the terms of the Restated Incentive Plan. Performance Awards will be denominated as a cash amount (e.g, \$100 per award unit) at the time of grant and confer on the participant the right to receive payment of such Award, in whole or in part, upon achievement of Performance Objectives (as defined in the Restated Incentive Plan) during the performance periods established by the Compensation Committee with respect to the Awards. No participant may receive more than \$2,000,000 (calculated as of the date of grant) of Performance Awards under the Restated Incentive Plan during any calendar year.

Performance Objectives (for Performance Awards or other Awards)

Performance Objectives under the Restated Incentive Plan will include the objectives, if any, established by the Compensation Committee that are to be achieved with respect to an Award granted under the Restated Incentive Plan. These objectives may be described in terms of Company-wide objectives, in terms of objectives that are related to performance of a division, subsidiary, department or function within the Company or a subsidiary by which the participant is employed or in individual or other terms, and will relate to the period of time determined by the Compensation Committee.

With respect to any Award that is intended to meet the requirements of Section 162(m) of the Internal Revenue Code, the performance goal or goals for such award will be designed to be objective and will be with respect to one or more of the following: net earnings; operating income; earnings before interest, taxes, depreciation and amortization expenses (EBITDA); earnings before interest and taxes (EBIT); earnings before taxes and unusual or nonrecurring

items; net income before interest, income and franchise taxes, depreciation and amortization expenses, and any unusual or non-recurring non-cash expenses or income (Company EBITDA); revenue; return on investment; return on equity; return on total capital; return on assets; total stockholder return; return on capital employed in the business; stock price performance; earnings per share growth; and cash flows. The performance objectives need not be based on increases or positive results, but may be based on maintaining the status quo or limiting economic losses, for example. Which performance objectives to use with respect to a Performance Award, the weighting of the performance objectives if more than one is used, and whether the

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performance objective is to be measured against a Company-established budget or target, an index or a peer group of companies, will be determined by the Compensation Committee at the time of grant of the Performance Award.

Payment of Performance Awards

To the extent earned and vested, Performance Awards will be paid, in cash and/or in shares, in the sole discretion of the Compensation Committee, in a lump sum following the close of the performance period. To the extent that the final settlement of a vested Award is made in shares, the amount payable under a Performance Award will be divided by the fair market value per share of common stock on the determination date and the value of any fractional shares will be paid in cash.

Bonus Shares

Grants of Bonus Shares will be subject to the discretion of the Compensation Committee. Bonus Shares will be in lieu of a cash bonus that otherwise would be granted, and each Bonus Share will constitute a transfer of an unrestricted share of common stock to the participant, without other payment therefor, as additional compensation for the participant's services to the Company.

Phantom Shares

The Compensation Committee may grant awards of Phantom Shares (subject to the limitations set forth below) to such participants, in such amounts and with such terms and conditions as it may from time to time approve, subject to the terms of the Restated Incentive Plan. Phantom Shares are rights to receive a specified number of shares of common stock or cash equal to a specified number of shares of common stock at the end of a stated period of restriction. During the period of restriction, the participant will not have (i) any right to transfer any rights under the Phantom Shares, (ii) any rights of ownership in the Phantom Shares, or (iii) any right to vote the Phantom Shares. The Compensation Committee has discretion to place restrictions on dividends or other distributions paid on the Phantom Shares during the period of restriction of such shares. Subject to adjustment under the Restated Incentive Plan, no participant may receive more than 300,000 Phantom Shares under the Restated Incentive Plan during any calendar year.

Cash Awards

In tandem with any other grant of an Award under the Restated Incentive Plan, the Compensation Committee may grant a Cash Award that will entitle the participant to receive a specified amount of cash from the Company upon such other tandem Award becoming taxable to the participant. Such cash amount awarded pursuant to a Cash Award may be based on a formula relating to the anticipated taxable income associated with such other tandem Award and the payment of the Cash Award, except that no Cash Award will be granted if it would (i) cause application of Section 409A of the Internal Revenue Code to either the Cash Award or such other tandem Award or (ii) result in adverse tax consequences under Section 409A of the Internal Revenue Code should that Code section apply to either Award.

Other Stock-Based Awards

In addition to other Awards, the Compensation Committee in its discretion may grant Other Stock-Based Awards (subject to the limitations set forth below) to such participants, in such amounts and with such terms and conditions as it may from time to time approve, subject to the terms of the Restated Incentive Plan. Other Stock-Based Awards are Awards denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares of the Company's common stock and deemed by the Compensation Committee to be consistent with the

purposes of the Restated Incentive Plan. Other Stock-Based Awards will be paid in a lump sum, or share certificates will be issued, no later than 21/2 months after the date such awards vest. Subject to adjustment under the Restated Incentive Plan, the maximum number of shares or value pursuant to Other Stock-Based Awards that may be granted to any participant during any calendar year will not exceed 300,000 shares, if an Award is in Shares, or, \$500,000, if the award is in dollars.

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General Provisions Regarding All Awards

Term of the Restated Incentive Plan and Term of Awards

No Award will be granted under the Restated Incentive Plan after the 10th anniversary of the earlier of adoption by the Board or approval by the stockholders. However, unless otherwise expressly provided in the Restated Incentive Plan or in an applicable Award agreement, any Award granted prior to the termination of the Restated Incentive Plan, and the authority of the Board or the Compensation Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under such Award, will extend beyond the termination date of the Restated Incentive Plan.

Subject to the provisions of the Restated Incentive Plan, the Compensation Committee may determine the period for each Award, but in no event will the term of any Award exceed a period of 10 years from the date of its grant.

Limits on Transfer of Awards

Awards under the Restated Incentive Plan are generally not transferable, but, notwithstanding anything in the Restated Incentive Plan to the contrary, to the extent specifically provided for by the Compensation Committee with respect to a grant, (i) a nonqualified stock option may be transferred to immediate family members or related family trusts or similar entities on such terms and conditions as the Compensation Committee may establish, and (ii) an Award other than an incentive stock option may be transferred pursuant to a qualified domestic relations order.

Adjustments to Shares

In the event that the Compensation Committee determines that any dividend or other distribution (including, but not limited to, cash, shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of shares or other securities of the Company, issuance of warrants or other rights to purchase shares or other securities of the Company, or similar corporate transaction or event affects the shares of common stock such that an adjustment is appropriate to prevent dilution or enlargement of the benefits or potential benefits under the Restated Incentive Plan, the Compensation Committee will make an appropriate and equitable adjustment to any or all of (i) the number and type of shares (or other securities or property) with respect to which Awards may be granted, (ii) the maximum number and type of shares (or other securities or property) with respect to which Awards may be granted to any single individual during any calendar year, (iii) the number and type of shares (or other securities or property) subject to outstanding Awards, and (iv) the grant or exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award.

Change in Control

A change in control is defined under the Restated Incentive Plan generally as: (i) the consummation of any transaction (including, without limitation, any merger, consolidation, tender offer or exchange offer by one or more individuals or persons (as defined in the Restated Incentive Plan) but excluding certain permitted persons specifically mentioned in this definition), which results in an individual or person becoming the beneficial owner, directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company's then-outstanding securities; (ii) the individuals who, as of the date of the Restated Incentive Plan, constitute the Board cease for any reason to constitute at least a majority of the Board, subject to the exceptions in the Restated Incentive Plan; (iii) the sale, lease, transfer, conveyance, or other disposition (including by merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company to an unrelated person; or (iv) the adoption of a plan relating to liquidation or dissolution of the Company.

Notwithstanding any other provision of the Restated Incentive Plan to the contrary, all outstanding Awards granted on or prior to March 1, 2005 will automatically become fully vested immediately prior to an event that constitutes a change in control, any and all restrictions with respect to such Awards will lapse, and any and all performance criteria with respect to such Awards will be deemed to have been met in full (at the highest level).

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For Awards granted after March 1, 2005, and notwithstanding any other provision of the Restated Incentive Plan to the contrary, if a participant's employment with the Company (or a successor) and all of its affiliates terminates within two years after a change in control and (i) the termination was initiated by the Company (or a successor) other than a termination for cause or (ii) the termination was initiated by the participant after the participant's good-faith determination that the termination was for good reason, then all Awards held by the affected participant will become fully vested immediately as of such employment termination date, any and all restrictions with respect to such Awards will lapse, and any and all performance criteria with respect to such Awards will be deemed to have been met in full (at the highest or maximum level). Unless the Company survives as an independent publicly traded company and subject to the exceptions listed in the Restated Incentive Plan, all Options outstanding at the time of the events giving rise to each affected participant's right to change in control benefits under the Restated Incentive Plan will terminate and each affected holder of Options will be paid an amount in cash according to the terms of the Restated Incentive Plan.

Outstanding and Future Grants

No options were granted under the Restated Incentive Plan during 2010. As of April 8, 2011, under the Restated Incentive Plan there were (1) 1,242,200 shares of common stock subject to outstanding Options at exercise prices ranging from \$4.00 to \$26.84 and with expiration dates ranging from August 13, 2011 to March 15, 2017, (2) 1,988,051 shares of restricted common stock scheduled to vest on dates ranging from April 13, 2011 to March 15, 2015; and (3) performance-based restricted stock awards granted in 2011 that may be earned for up to a maximum of 223,030 shares of restricted common stock. No other awards were outstanding under the Restated Incentive Plan as of April 8, 2011. On April 8, 2011, the closing market price of our common stock was \$26.07.

It is not possible at this time to determine the awards that will be made in the future pursuant to the Restated Incentive Plan. No grants have been made that are contingent on the approval of the amendment by our stockholders. Options and other awards may be granted in the future under the Restated Incentive Plan, as may be amended by the amendment, within the discretion of the Compensation Committee. Options that have been granted in the past are set forth in the following table.

Option Grants under Restated Incentive Plan

Name and Principal Position	Number of Securities Underlying Options Granted
Kenneth V. Huseman, President & Chief Executive Officer(1)	750,000
Alan Krennek, Senior Vice President & Chief Financial Officer(1)	165,000
T. M. Roe Patterson, Senior Vice President, Rig and Truck Operations(1)	20,000
James F. Newman, Group Vice President, Completion and Remedial Services(1)	0
James E. Tyner, Vice President, Human Resources(1)	50,000
All current executive officers as a group	985,000
All current directors who are not executive officers as a group	495,000
Each nominee for election as a director	870,000
Each associate of such executive officers, directors or nominees	0
Each other person who received or is to receive 5% of such options	0
All employees, including all current officers who are not executive officers, as a group	1,625,000
Total	3,105,000

- (1) Principal position as of December 31, 2010. As of April 6, 2011, Mr. Patterson was appointed Senior Vice President and Chief Operating Officer, and Mr. Newman was appointed Group Vice President Permian Basin Unit.

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U.S. Federal Income Tax Consequences of the Restated Incentive Plan

In General

The Plan is not qualified under Section 401(a) of the Internal Revenue Code (the "Code").

The following summary is based on the applicable provisions of the Code as currently in effect and the income tax regulations and proposed income tax regulations thereunder.

Status of Options

Options granted under the Restated Incentive Plan may be either incentive stock options or nonqualified options. Under certain circumstances, an incentive stock option may be treated as a nonqualified option. The tax consequences both to the optionee and to the Company differ depending on whether an Option is an incentive stock option or a nonqualified option.

Nonqualified Options

No federal income tax is imposed on the optionee upon the grant of a nonqualified option. Upon the exercise of a nonqualified option, the optionee will be treated as receiving compensation, taxable as ordinary income in the year of exercise. The amount recognized as ordinary income upon exercise will be the excess of the fair market value of the shares of common stock at the time of exercise over the exercise price paid for such common stock. At the time common stock received upon exercise of a nonqualified option is disposed of, any difference between the fair market value of the shares of common stock at the time of exercise and the amount realized on the disposition will be treated as capital gain or loss.

Upon an optionee's exercise of a nonqualified option, and subject to the application of Section 162(m) of the Code as discussed below, the Company may claim a deduction for the compensation paid at the same time and in the same amount as compensation is treated as being received by the optionee, assuming the Company satisfies the federal income tax reporting requirements with respect to such compensation. The Company is not entitled to any tax deduction in connection with a subsequent disposition by the optionee of the shares of common stock.

Incentive Stock Options

No federal income tax is imposed on the optionee upon the grant of an incentive stock option. The optionee would recognize no taxable income upon exercise of an incentive stock option if the optionee (a) does not dispose of the shares of common stock acquired pursuant to the exercise of an incentive stock option within two years from the date the Option was granted or within one year after the shares of common stock were transferred to the optionee (the "Holding Period") and (b) is an employee of either (i) the Company, (ii) the parent company or a subsidiary of the Company or (iii) a corporation which has assumed such Option as a result of a corporate reorganization, merger or similar transaction. Such employment must continue for the entire time from the date the Option was granted until three months before the date of exercise, or 12 months before the date of exercise if employment ceases due to permanent and total disability. If common stock received upon exercise of an incentive stock option is disposed of after completion of the Holding Period, any difference between the exercise price paid for such common stock and the amount realized on the disposition would be treated as a capital gain or loss. The Company would not be entitled to any deduction in connection with the grant or exercise of the Option or the disposition of the shares of common stock so acquired.

Restricted Stock

A participant generally will not recognize taxable income upon the grant of Restricted Stock, and the recognition of any income will be postponed until such shares are no longer subject to restrictions on transfer or the risk of forfeiture. When either the transfer restrictions or the risk of forfeiture lapses, the participant will recognize ordinary income equal to the fair market value of the Restricted Stock at the time of such lapse. A participant may elect to be taxed at the time of the grant of Restricted Stock and, if this election is made, the participant will recognize ordinary income equal to the excess of the fair market value of the Restricted Stock at the time of grant (determined without regard to any of the restrictions thereon) over the amount paid, if any, by the participant for such Restricted Stock. In each case, subject to Section 162(m) of the Code as discussed below, the Company will be entitled to a deduction for the corresponding amount.

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Performance Awards and Other Stock-Based Awards

In general, a participant who receives a Performance Award or Other Stock-Based Award will not be taxed on receipt of the Award, but instead the fair market value of the cash or common stock received will be taxable as ordinary income on the date that the cash or common stock is received in payment of the Award. Subject to the application of Section 162(m) of the Code as discussed below, the Company will be entitled to a deduction for the corresponding amount.

Bonus Shares

In general, the fair market value of Bonus Shares will be taxable as ordinary income on the date the Bonus Shares are received. Subject to the application of Section 162(m) of the Code as discussed below, the Company will be entitled to a deduction for the corresponding amount.

Phantom Shares

The amount received upon receipt of cash or stock pursuant to an award of Phantom Shares is included in taxable income at the time the cash or stock is received. In the case of receipt of stock the amount included in income is the fair market value of the stock received. Subject to Section 162(m) of the Code as discussed below, the Company will be entitled to a deduction for the corresponding amount.

Cash Awards

Generally, a Cash Award would be compensation income, subject to tax at ordinary income tax rates when paid. Subject to the application of Section 162(m) of the Code as discussed below, the Company will be entitled to a deduction for the corresponding amount.

Additional Tax Consequences

Section 162(m) of the Code places a \$1 million cap on the deductible compensation that may be paid to certain executives of publicly traded corporations. Amounts that qualify as performance based compensation under Section 162(m)(4)(C) of the Code are exempt from the cap and do not count toward the \$1 million limit. Generally, Options granted with an exercise price at least equal to the fair market value of the stock on the date of grant will qualify as performance-based compensation. Other Awards may or may not so qualify, depending on their terms.

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PROPOSAL 3:

ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are asking stockholders to approve an advisory resolution on the Company's executive compensation as reported in this proxy statement. As described above in Compensation Discussion and Analysis, the Compensation Committee has structured our executive compensation program to achieve the following key objectives:

attract, reward and retain the highest quality executive officers;

recognize individual performance and the performance of the Company relative to the performance of other companies of comparable size, complexity and quality;

provide motivation toward, and reward the accomplishment of, corporate annual objectives;

align executive officers' compensation to stockholder interests; and

align executive officers' incentives with both the short-term and long-term goals of the Company.

We urge stockholders to read Compensation Discussion and Analysis beginning on page 15 of this proxy statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as Executive Compensation Matters and related compensation tables and narrative beginning on page 24, which provide detailed information on the compensation of our named executive officers. The Compensation Committee and the Board of Directors believe that the policies and procedures articulated in Compensation Discussion and Analysis are effective in achieving our goals and that the compensation of our named executive officers reported in this proxy statement has and will contribute to the Company's recent and long-term success.

In accordance with Section 14A of the Exchange Act, and as a matter of good corporate governance, we are asking stockholders to approve the following advisory resolution at the 2011 Annual Meeting of Stockholders:

RESOLVED, that the stockholders of Basic Energy Services, Inc. (the Company) approve, on an advisory basis, the compensation of the Company's named executive officers disclosed in the Compensation Discussion and Analysis and Executive Compensation Matters sections and the related compensation tables, notes and narrative in the Proxy Statement for the Company's 2011 Annual Meeting of Stockholders.

This advisory resolution, commonly referred to as a say-on-pay resolution, is non-binding on the Board of Directors. Although non-binding, the Board and the Compensation Committee will review and consider the voting results when making future decisions regarding our executive compensation program.

A majority of the votes cast is required to approve this proposal. **Brokers do not have discretion to vote on this proposal without your instruction. If you do not instruct your broker how to vote on this proposal, your broker will deliver a non-vote on this proposal.**

The Board of Directors unanimously recommends that you vote FOR this proposal.

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PROPOSAL 4:

**ADVISORY VOTE ON THE FREQUENCY OF
FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION**

Pursuant to Section 14A of the Exchange Act, we are asking the Company's stockholders to vote on whether future advisory votes on executive compensation of the nature reflected in Proposal 3 above should occur every year, every two years or every three years.

After careful consideration and an ongoing dialogue with our stockholders, the Board of Directors believes that holding an advisory vote on executive compensation every year is the most appropriate policy for our stockholders and the Company at this time.

The optimal frequency of such a vote necessarily turns on a judgment about the relative benefits and burdens of each of the frequency options. There have been diverging views expressed on this question, and the Board of Directors believes there is a reasonable basis for each of the options. In formulating its recommendation for an advisory vote on executive compensation every year, the Board of Directors considered that an annual advisory vote on executive compensation would allow our stockholders to provide us with their direct input on our compensation philosophy, policies and practices as annually disclosed in the proxy statement. Additionally, an annual advisory vote on executive compensation is consistent with our policy of seeking input from, and engaging in discussions with, our stockholders on corporate governance matters and our executive compensation philosophy, policies and practices. We understand that our stockholders may have different views as to what is the best approach for the Company, and we look forward to hearing from our stockholders on this proposal.

Prior to voting on this proposal, we urge stockholders to read the "Compensation Discussion and Analysis" and "Executive Compensation Matters" sections beginning on pages 15 and 24, respectively, of this proxy statement, which describe in more detail our executive compensation policies and procedures and the compensation of our named executive officers.

We understand that our stockholders may have different views as to what is an appropriate frequency for advisory votes on executive compensation, and we will carefully review the voting results on this proposal. Stockholders will be able to specify one of four choices for this proposal on the proxy card: one year, two years, three years or abstain. Stockholders are not voting to approve or disapprove the Board's recommendation. This advisory vote on the frequency of future advisory votes on executive compensation is not binding on the Board of Directors or the Company in any way. Notwithstanding the Board of Directors' recommendation and the outcome of the stockholder vote, the Board of Directors may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with stockholders and the adoption of material changes to compensation programs.

A majority of the votes cast is required to approve this proposal. **Brokers do not have discretion to vote on this proposal without your instruction. If you do not instruct your broker how to vote on this proposal, your broker will deliver a non-vote on this proposal.**

The Board of Directors unanimously recommends a vote for holding the say on pay vote EVERY YEAR.

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PROPOSAL 5:

RATIFICATION OF INDEPENDENT AUDITOR

The Audit Committee has selected KPMG LLP as the Company's independent auditor for fiscal year 2011, and the Board of Directors is asking stockholders to ratify that selection. Although current law, rules, and regulations, as well as the charter of the Audit Committee, require the Company's independent auditor to be engaged, retained and supervised by the Audit Committee, the Board is submitting the selection of KPMG LLP for ratification by stockholders as a matter of good corporate practice. If the selection is not ratified, the Audit Committee will consider whether it is appropriate to select another registered public accounting firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

The affirmative vote of holders of a majority of the shares of common stock present or represented by proxy at the meeting and entitled to vote is required to approve the ratification of the selection of KPMG as the Company's independent auditor for the current fiscal year. **The Board of Directors unanimously recommends that you vote FOR this proposal.**

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OTHER MATTERS

Management knows of no other business that will be presented to the meeting for a vote. If other matters properly come before the meeting, the persons named as proxies will vote on them in accordance with their best judgment.

The Company is soliciting proxies for the 2011 Annual Meeting and will bear the cost of solicitation. In addition to solicitation by mail, certain of the directors, officers or regular employees of the Company may, without extra compensation, solicit the return of proxies by telephone or electronic media. Arrangements will be made with brokerage houses, custodians and other fiduciaries to send proxy material to their principals, and the Company will reimburse these parties for any out-of-pocket expenses.

PROPOSALS OF STOCKHOLDERS FOR 2012 ANNUAL MEETING

The Company expects that its 2012 annual meeting of stockholders will be held in May 2012 consistent with prior annual meetings. Stockholders of record who intend to submit a proposal at the annual meeting of stockholders in 2012 must provide written notice to the Company in accordance with the Company's Bylaws. Under the Company's Bylaws, such notice must be received at the Company's principal executive offices, addressed to the Secretary of the Company, not earlier than January 25, 2012 nor later than February 24, 2012, which are dates at least 90 days but not more than 120 days in advance of the first anniversary of the date of the Company's 2011 Annual Meeting.

Stockholders who intend to submit a proposal at the annual meeting of stockholders in 2012 and desire that such proposal be included in the proxy materials for such meeting must follow the procedures prescribed in the Company's Bylaws and Rule 14a-8 under the Securities Exchange Act of 1934, as amended. To be eligible for inclusion in the proxy materials, stockholder proposals must be received by the Secretary of the Company at the Company's principal executive offices not earlier than January 25, 2012 nor later than February 24, 2012. Stockholders are also advised to review our Bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely upon a review of reports on Forms 3 and 4 and amendments thereto furnished to the Company during fiscal 2010, reports on Form 5 and amendments thereto furnished to the Company with respect to fiscal 2010, and written representations from officers and directors that no Form 5 was required to be filed, except as set forth below, the Company believes that all filing requirements applicable to its officers, directors and beneficial owners of more than 10% of the common stock under Section 16(a) of the Securities Exchange Act of 1934, as amended, were complied with during fiscal 2010. Mr. Rogers filed a Form 4 on August 5, 2010 with respect to a reportable transaction that occurred on July 16, 2010.

ADDITIONAL INFORMATION

We are required to provide an Annual Report to stockholders of the Company for the year ended December 31, 2010, including audited financial statements, to stockholders who receive this proxy statement. We will also provide copies of the Annual Report to brokers, dealers, banks, voting trustees and their nominees for the benefit of their beneficial owners of record. Additional copies of the Annual Report along with copies of our Annual Report on Form 10-K for the year ended December 31, 2010 (without exhibits), are available free of charge to stockholders who forward a written request to: Secretary, Basic Energy Services, Inc., 500 W. Illinois, Suite 100, Midland, Texas 79701. You may also review the Company's filings with the Securities and Exchange Commission by visiting our website at

www.basicenergyservices.com.

The Securities and Exchange Commission has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially provides extra convenience for stockholders and cost savings

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for companies. Some brokers household proxy materials, delivering a single proxy statement to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker.

The Corporate Governance Guidelines, the Code of Ethics and the charters of the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee are also available on the Company's website at www.basicenergyservices.com, and copies of these documents are available to stockholders, without charge, upon request.

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***BASIC ENERGY SERVICES, INC.
ATTN: MIKE DYE
P O BOX 10460
MIDLAND, TX 79702***

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

	For All	Withhold All	For All Except	To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.
The Board of Directors recommends you vote FOR the following Class III Directors:				

o o o

1. Election of Directors

Nominees

01 James S. D Agostino, Jr 02 Kenneth V. Huseman 03 Thomas P. Moore, Jr

The Board of Directors recommends you vote FOR proposals 2 and 3.

		For	Against	Abstain
2	To approve the amendment to the Fourth Amended and Restated Basic Energy Services, Inc. 2003 Incentive Plan.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3	To approve the advisory resolution on executive compensation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The Board of Directors recommends you vote 1 YEAR on the following proposal:

		1 year	2 years	3 years	Abstain
4	To approve the holding of an advisory vote on executive compensation every one, two or three years, as indicated.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

For address change/comments, mark here. (see reverse for instructions) ☐

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

The Board of Directors recommends you vote FOR the following proposal:

		For	Against	Abstain
5	To ratify the selection of KPMG LLP as the Company's independent auditor for fiscal year 2011.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

NOTE: In the discretion of the proxies, such other business as may properly come before the meeting and at any adjournments or postponements thereof. This proxy, when properly executed, will be voted in the manner directed herein. If no direction is made, this proxy will be voted as to all shares of the undersigned FOR the election of each of the nominees listed in Proposal 1, FOR ONE YEAR on Proposal 4 and FOR Proposals 2, 3 and 5, and in the discretion of the proxies, with respect to such other business as may properly come before the meeting.

Date

Signature (Joint Owners) Date

Signature [PLEASE SIGN WITHIN
BOX]

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice & Proxy Statement, Annual Report is/are available at www.proxyvote.com.

BASIC ENERGY SERVICES, INC.

Annual Meeting of Stockholders

May 24, 2011 10:00 AM

This proxy is solicited by the Board of Directors

The 2011 Annual Meeting of the Stockholders of Basic Energy Services, Inc. (the Company) will be held on Tuesday, May 24, 2011 at 10:00 a.m. local time, at the Petroleum Club of Midland, located at 501 W. Wall, Midland, Texas 79701.

The undersigned, having received the notice and accompanying Proxy Statement for said meeting, hereby constitutes and appoints Kenneth V. Huseman and Alan Krenek, or either of them, his/her true and lawful agents and proxies, with power of substitution and resubstitution in each, to represent and vote at the 2011 Annual Meeting scheduled to be held on May 24, 2011, or at any adjournment or postponement thereof, on all matters coming before said meeting, all shares of Common Stock of the Company which the undersigned may be entitled to vote. The above proxies are hereby instructed to vote as shown on the reverse side of this card.

YOUR VOTE IS IMPORTANT

**TO ASSURE YOUR REPRESENTATION AT THE MEETING, PLEASE SIGN, DATE AND RETURN
YOUR PROXY AS PROMPTLY AS POSSIBLE. AN
ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES, IS ENCLOSED
FOR THIS PURPOSE.**

Address change/comments:

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side