UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	**Chapter 11**
BASIC ENERGY SERVICES, INC., *et al.*,[1]	:	**Case No. 16-_____ (___)**
Debtors.	:	**Joint Administration Requested**

DISCLOSURE STATEMENT FOR JOINT PREPACKAGED CHAPTER 11 PLAN OF BASIC ENERGY SERVICES, INC. AND ITS AFFILIATED DEBTORS

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Dated: October 24, 2016
Wilmington, Delaware

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Basic Energy Services, Inc. (1194); Basic Energy Services GP, LLC (1197); Basic Energy Services LP, LLC (1195); Basic Energy Services, L.P. (1819); Basic ESA, Inc. (2279); Chaparral Service, Inc. (6424); SCH Disposal, L.L.C. (8335); Sledge Drilling Corp. (3140); Admiral Well Service, Inc. (4899); Basic Marine Services, Inc. (4888); JS Acquisition LLC (9500); Permian Plaza, LLC (3425); Maverick Coil Tubing Services, LLC (3281); First Energy Services Company (4993); JetStar Holdings, Inc. (4248); Xterra Fishing & Rental Tools Co. (7818); Maverick Solutions, LLC (2876); LeBus Oil Field Service Co. (3125); Acid Services, LLC (0455); Taylor Industries, LLC (7037); Maverick Stimulation Company, LLC (4572); Globe Well Service, Inc. (4275); JetStar Energy Services, Inc. (5237); Platinum Pressure Services, Inc. (8379); Maverick Thru-Tubing Services, LLC (1902); MCM Holdings, LLC (0949); MSM Leasing, LLC (9182); The Maverick Companies, LLC (4170). The Debtors' mailing address is 801 Cherry Street, Suite 2100, Fort Worth, Texas 76102.

THIS SOLICITATION OF VOTES (THE "*SOLICITATION*") IS BEING CONDUCTED TO OBTAIN SUFFICIENT VOTES TO ACCEPT THE PREPACKAGED PLAN (AS DEFINED HEREIN) *BEFORE* THE FILING OF VOLUNTARY REORGANIZATION CASES UNDER CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE (THE "*BANKRUPTCY CODE*"). BECAUSE THE CHAPTER 11 CASES HAVE NOT YET BEEN COMMENCED, THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. FOLLOWING THE COMMENCEMENT OF THE CHAPTER 11 CASES, THE DEBTORS EXPECT TO PROMPTLY SEEK ORDERS OF THE BANKRUPTCY COURT (i) APPROVING THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION, (ii) APPROVING THE SOLICITATION OF VOTES AS BEING IN COMPLIANCE WITH SECTIONS 1125 AND 1126(b) OF THE BANKRUPTCY CODE, AND (iii) CONFIRMING THE PREPACKAGED PLAN.

DISCLOSURE STATEMENT, DATED OCTOBER 24, 2016

Solicitation of Votes on the
Plan of Reorganization of

BASIC ENERGY SERVICES, INC., *ET AL.*

from the holders of outstanding

TERM LOAN CLAIMS
UNSECURED NOTES CLAIMS

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PREPACKAGED PLAN IS 5:00 P.M. (PREVAILING EASTERN TIME) ON NOVEMBER 29, 2016 UNLESS EXTENDED BY THE DEBTORS. THE RECORD DATE FOR DETERMINING WHICH HOLDERS OF CLAIMS MAY VOTE ON THE PREPACKAGED PLAN IS OCTOBER 11, 2016 (THE "*RECORD DATE*").

RECOMMENDATION BY THE DEBTORS

The Board of Directors of Basic Energy Services, Inc. ("***Basic Parent***") and the board of directors, managers, members, or partners, as applicable, of each of its affiliated Debtors (as of the date hereof) have unanimously approved the transactions contemplated by the Solicitation and the Prepackaged Plan and recommend that all creditors whose votes are being solicited submit ballots to accept the Prepackaged Plan. Holders of one hundred percent (100%) in outstanding principal amount of the Term Loan Claims (as defined herein) entitled to vote on the Prepackaged Plan (the "***Consenting Term Loan Lenders***"), and holders of over 80% in outstanding principal amount of the Unsecured Notes Claims (as defined herein) entitled to vote on the Prepackaged Plan (the "***Consenting Noteholders***") have already agreed, subject to the terms and conditions of the Restructuring Support Agreement, to vote in favor of the Prepackaged Plan.

HOLDERS OF CLAIMS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE AND SHOULD CONSULT WITH THEIR OWN ADVISERS BEFORE CASTING A VOTE WITH RESPECT TO THE PREPACKAGED PLAN.

THE ISSUANCE OF AND THE DISTRIBUTION UNDER THE PREPACKAGED PLAN OF THE NEW COMMON SHARES, THE WARRANTS (AND THE NEW COMMON SHARES ISSUABLE UPON EXERCISE THEREOF), THE SUBSCRIPTION RIGHTS, AND THE NEW CONVERTIBLE NOTES ISSUED PURSUANT TO THE RIGHTS OFFERING (AND THE NEW COMMON SHARES ISSUABLE UPON CONVERSION THEREOF) WILL BE EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*") AND ANY OTHER APPLICABLE SECURITIES LAWS PURSUANT TO SECTION 1145 OF THE BANKRUPTCY CODE. THESE SECURITIES MAY BE RESOLD WITHOUT REGISTRATION UNDER THE SECURITIES ACT OR OTHER FEDERAL SECURITIES LAWS PURSUANT TO THE EXEMPTION PROVIDED BY SECTION 4(A)(1) OF THE SECURITIES ACT, UNLESS THE HOLDER IS AN "UNDERWRITER" WITH RESPECT TO SUCH SECURITIES, AS THAT TERM IS DEFINED IN SECTION 1145(b) OF THE BANKRUPTCY CODE. IN ADDITION, SUCH SECTION 1145 EXEMPT SECURITIES GENERALLY MAY BE RESOLD WITHOUT REGISTRATION UNDER STATE SECURITIES LAWS PURSUANT TO VARIOUS EXEMPTIONS PROVIDED BY THE RESPECTIVE LAWS OF THE SEVERAL STATES.

THE ISSUANCE AND SALE, AS APPLICABLE, OF THE NEW CONVERTIBLE NOTES (AND THE NEW COMMON SHARES ISSUABLE UPON CONVERSION THEREOF) TO THE BACKSTOP PARTIES UNDER THE BACKSTOP AGREEMENT IS BEING MADE IN RELIANCE ON THE EXEMPTION FROM REGISTRATION SET FORTH IN SECTION 4(a)(2) OF THE SECURITIES ACT AND REGULATION D THEREUNDER. SUCH SECURITIES WILL BE CONSIDERED "RESTRICTED SECURITIES" AND MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR UNDER AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUCH AS, UNDER CERTAIN CONDITIONS, THE RESALE PROVISIONS OF RULE 144 OF THE SECURITIES ACT.

THE AVAILABILITY OF THE EXEMPTION UNDER SECTION 1145 OF THE BANKRUPTCY CODE OR ANY OTHER APPLICABLE SECURITIES LAWS WILL NOT BE A CONDITION TO THE OCCURRENCE OF THE EFFECTIVE DATE.

THE NEW COMMON SHARES AND THE SUBSCRIPTION RIGHTS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "*SEC*") OR BY ANY STATE SECURITIES COMMISSION OR SIMILAR PUBLIC, GOVERNMENTAL, OR REGULATORY AUTHORITY, AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY SUCH AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PREPACKAGED PLAN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING STATEMENTS INCORPORATED BY REFERENCE, PROJECTED FINANCIAL INFORMATION, AND OTHER FORWARD-LOOKING STATEMENTS, ARE BASED ON ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. FORWARD-LOOKING

STATEMENTS ARE PROVIDED IN THIS DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBED HEREIN.

FURTHER, READERS ARE CAUTIONED THAT ANY FORWARD-LOOKING STATEMENTS HEREIN ARE BASED ON ASSUMPTIONS THAT ARE BELIEVED TO BE REASONABLE, BUT ARE SUBJECT TO A WIDE RANGE OF RISKS IDENTIFIED IN THIS DISCLOSURE STATEMENT. DUE TO THESE UNCERTAINTIES, READERS CANNOT BE ASSURED THAT ANY FORWARD-LOOKING STATEMENTS WILL PROVE TO BE CORRECT. THE DEBTORS ARE UNDER NO OBLIGATION TO (AND EXPRESSLY DISCLAIM ANY OBLIGATION TO) UPDATE OR ALTER ANY FORWARD-LOOKING STATEMENTS WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, UNLESS INSTRUCTED TO DO SO BY THE BANKRUPTCY COURT.

HOLDERS OF ALLOWED GENERAL UNSECURED CLAIMS WILL NOT BE IMPAIRED BY THE PREPACKAGED PLAN AND, AS A RESULT, THE RIGHT TO RECEIVE PAYMENT IN FULL ON ACCOUNT OF EXISTING OBLIGATIONS IS NOT ALTERED BY THE PREPACKAGED PLAN. DURING THE CHAPTER 11 CASES, THE DEBTORS INTEND TO OPERATE THEIR BUSINESSES IN THE ORDINARY COURSE AND WILL SEEK AUTHORIZATION FROM THE BANKRUPTCY COURT TO MAKE PAYMENT IN FULL ON A TIMELY BASIS TO ALL TRADE CREDITORS, CUSTOMERS, AND EMPLOYEES OF ALL AMOUNTS DUE PRIOR TO AND DURING THE CHAPTER 11 CASES.

NO INDEPENDENT AUDITOR OR ACCOUNTANT HAS REVIEWED OR APPROVED THE FINANCIAL PROJECTIONS OR THE LIQUIDATION ANALYSIS HEREIN.

THE DEBTORS HAVE NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, IN CONNECTION WITH THE PREPACKAGED PLAN OR THIS DISCLOSURE STATEMENT.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. THE TERMS OF THE PREPACKAGED PLAN GOVERN IN THE EVENT OF ANY INCONSISTENCY WITH THE SUMMARIES IN THIS DISCLOSURE STATEMENT.

THE INFORMATION IN THIS DISCLOSURE STATEMENT IS BEING PROVIDED SOLELY FOR PURPOSES OF VOTING TO ACCEPT OR REJECT THE PREPACKAGED PLAN OR OBJECTING TO CONFIRMATION. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PARTY FOR ANY OTHER PURPOSE.

ALL EXHIBITS TO THIS DISCLOSURE STATEMENT ARE INCORPORATED INTO AND ARE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN.

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I.
INTRODUCTION

The Debtors submit this Disclosure Statement in connection with the Solicitation of votes on the Joint Prepackaged Chapter 11 Plan of Basic Parent and its Affiliated Debtors, dated October 24, 2016 (the "***Prepackaged Plan***") attached hereto as **Exhibit A**. The Debtors under the Prepackaged Plan are Basic Parent and its affiliates that are guarantors under the Term Loan Agreement, ABL Credit Agreement, the 2019 Notes, and the 2022 Notes. Subject to the approval of the Board of Directors of Basic Parent (the "***Board***"), the Debtors anticipate filing voluntary petitions for relief under chapter 11 in the United States Bankruptcy Court for the District of Delaware (the "***Bankruptcy Court***") on or about October 25, 2016, which is during the solicitation period. Capitalized terms used in this Disclosure Statement, but not defined herein, have the meanings ascribed to them in the Prepackaged Plan. To the extent any inconsistencies exist between this Disclosure Statement and the Prepackaged Plan, the Prepackaged Plan will govern.

The Debtors are commencing this Solicitation after extensive discussions over the past several months among the Debtors and their secured and unsecured creditors. As a result of these negotiations, the Consenting Term Loan Lenders and the Consenting Noteholders entered into a restructuring support agreement (the "***Restructuring Support Agreement***") with the Debtors, a copy of which is attached hereto as **Exhibit B**. Under the terms of the Restructuring Support Agreement, the creditor parties thereto agreed, subject to the terms and conditions of the Restructuring Support Agreement, to support a deleveraging transaction, consisting of restructuring the Debtors' existing debt obligations in chapter 11 through the Prepackaged Plan (the "***Restructuring***").

There are two (2) creditor groups whose votes for acceptance of the Prepackaged Plan are being solicited:

1. Holders of Term Loan Claims; and

2. Holders of Unsecured Notes Claims.

Further below is a short summary of the treatment of various creditor groups under the Prepackaged Plan. Greater detail on such treatment is provided later on in this Disclosure Statement.

THE PREPACKAGED PLAN PROVIDES THAT HOLDERS OF IMPAIRED CLAIMS ENTITLED TO VOTE WHO DO NOT SUBMIT A BALLOT VOTING TO ACCEPT OR REJECT THE PREPACKAGED PLAN, WHO VOTE TO ACCEPT THE PREPACKAGED PLAN, OR WHO VOTE TO REJECT THE PREPACKAGED PLAN BUT DO NOT OPT OUT OF THE RELEASE PROVISIONS OF THE PREPACKAGED PLAN ARE DEEMED TO HAVE GRANTED THE RELEASES THEREIN.

After the Petition Date, and after the approval of the Rights Offering Procedures (as defined herein), Basic Parent will launch a rights offering (the "***Rights Offering***") for New Convertible Notes with an aggregate offering amount up to $125 million pursuant to which holders of Unsecured Notes Claims as of the Rights Offering Record Date (defined herein) (each, an "***Eligible Offeree***") will be entitled to exercise their pro rata share of Subscription Rights to acquire New Convertible Notes. It is expected that shortly after the Petition Date, Basic Parent will enter into the Backstop Agreement, in the form attached as an exhibit to the Restructuring Support Agreement, with the Backstop Parties, pursuant to which the Backstop Parties will backstop the Rights Offering in exchange for a commitment premium (the "***Backstop Put Premium***"). The material terms of the Rights Offering are described in more detail in section XIII – Rights Offering Procedures. The Debtors will use proceeds from the Rights Offering plus cash on hand to: (i) provide additional liquidity for working capital and general corporate purposes;

(ii) pay all Allowed Administrative Expense Claims payable on or after the Effective Date; (iii) pay in cash in full the DIP Facility Claims; and (iv) fund distributions under the Prepackaged Plan.

The Restructuring will leave the Debtors' businesses and existing corporate structure intact under Basic Parent, and it will substantially deleverage the Debtors' capital structure. The Debtors' balance sheet liabilities will be reduced from greater than approximately $775 million in unsecured debt to approximately $131.25 million in unsecured debt (which unsecured debt is convertible into equity after, among other things, 36 months). This deleveraging will enhance the Debtors' long-term growth prospects and competitive position and allow the Debtors to emerge from the Chapter 11 Cases as a stronger, reorganized group of entities better able to withstand a challenging market environment for oilfield services providers.

WHO IS ENTITLED TO VOTE: Under the Bankruptcy Code, only holders of claims or interests in "impaired" Classes are entitled to vote on the Prepackaged Plan (unless, for reasons discussed in more detail below such holders are deemed to reject the Prepackaged Plan pursuant to section 1126(g) of the Bankruptcy Code). Under section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under the Prepackaged Plan unless: (i) the Prepackaged Plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof; or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the Prepackaged Plan, among other things, cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

The following table summarizes: (i) the treatment of Claims and Interests under the Prepackaged Plan; (ii) which Classes are impaired by the Prepackaged Plan; (iii) which Classes are entitled to vote on the Prepackaged Plan; and (iv) the estimated recoveries for holders of Claims and Interests.[2] The table is qualified in its entirety by reference to the full text of the Prepackaged Plan. For a more detailed summary of the terms and provisions of the Prepackaged Plan, see section VI – Summary of the Prepackaged Plan below. A detailed discussion of the analysis underlying the estimated recoveries, including the assumptions underlying such analysis, is set forth in the Valuation Analysis in section VIII – Valuation Analysis below.

Class	Claim or Equity Interest	Treatment	Impaired or Unimpaired	Entitlement to Vote	Approx. Percentage Recovery
1	Priority Non-Tax Claims	The legal, equitable, and contractual rights of the holders of Allowed Priority Non-Tax Claims are unaltered by the Prepackaged Plan. Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to different treatment, on the later of the Effective Date and the date that is ten (10) Business Days after the date such Priority Non-Tax Claim becomes an Allowed Claim, or as soon thereafter as is reasonably practicable, each holder of an Allowed Priority Non-Tax Claim will receive, on account of such Allowed Claim, at the option of the Reorganized Debtors: (i) Cash in an amount equal to the Allowed amount of such Claim or (ii) other treatment consistent with the provisions of section 1129(a)(9) of the	Unimpaired	No (Deemed to accept)	100%

[2] Any Claim or Interest in a Class that is considered vacant under section 3.5 of the Prepackaged Plan will receive no Plan Distribution.

Class	Claim or Equity Interest	Treatment	Impaired or Unimpaired	Entitlement to Vote	Approx. Percentage Recovery
		Bankruptcy Code.			
2	Other Secured Claims	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims are unaltered by the Prepackaged Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the later of the Effective Date and the date that is ten (10) Business Days after the date such Other Secured Claim becomes an Allowed Claim, or as soon thereafter as is reasonably practicable, each holder of an Allowed Other Secured Claim will receive, on account of such Allowed Claim, at the option of the Reorganized Debtors: (i) Cash in an amount equal to the Allowed amount of such Claim, (ii) reinstatement or such other treatment sufficient to render such holder's Allowed Other Secured Claim Unimpaired pursuant to section 1124 of the Bankruptcy Code, or (iii) return of the applicable Collateral in satisfaction of the Allowed amount of such Other Secured Claim.	Unimpaired	No (Deemed to accept)	100%
3	ABL Facility Claims	On the Effective Date, on account of its Allowed ABL Facility Claim, each holder of an Allowed ABL Facility Claim will receive, in full and final satisfaction of its Allowed ABL Facility Claim, (i) payment in full of its Claim and termination of all letters of credit issued under the ABL Credit Agreement or, (ii) its Pro Rata share of the Amended and Restated ABL Facility (if each of the ABL Lenders consents to enter into the Amended and Restated ABL Facility), or (iii) such other consideration satisfactory to each holder of an Allowed ABL Facility Claim.	Unimpaired	No	100%
4	Term Loan Claims	On the Effective Date, (i) each holder of an Allowed Term Loan Claim will receive on account of the principal amount outstanding on such Claim, its Pro Rata share of the principal amount of the Amended and Restated Term Loan Facility subject to the terms set forth in the Amended and Restated Term Loan Agreement and (ii) amounts due as of the Effective Date to each holder of an Allowed Term Loan Claim on account of accrued and unpaid interest will be deemed to be accrued and unpaid interest under the Amended and Restated Term Loan Agreement payable on the first interest payment date thereunder, and (iii) amounts due as of the Effective Date to each holder of an Allowed Term Loan Claim on account of fees, charges, or other amounts payable under the Term Loan Agreement will be paid in Cash in full on the Effective Date, which, for the avoidance of doubt, will not include payment of any Make-Whole Amount or the Applicable Premium (as such terms are defined in the Term Loan Agreement). The Term Loan Claims will be deemed Allowed on the	Impaired	Yes	100%

Class	Claim or Equity Interest	Treatment	Impaired or Unimpaired	Entitlement to Vote	Approx. Percentage Recovery
		Effective Date in the aggregate principal amount of $164.175 million, plus any accrued and unpaid interest thereon payable through the Effective Date, plus any fees, charges, and other amounts payable under the Term Loan Agreement.			
5	Unsecured Notes Claims	On the Effective Date, all of the Unsecured Notes will be cancelled and discharged. Each holder of an Allowed Unsecured Notes Claim will receive, on account of its Allowed Unsecured Notes Claims, its Pro Rata share of (i) New Common Shares representing, in the aggregate, 99.5% of the New Common Shares issued on the Effective Date (subject to dilution by the New Common Shares issued upon conversion of the New Convertible Notes, the Management Incentive Plan, and the New Common Shares issued upon exercise of the Warrants) and (ii) 100% of the Subscription Rights to acquire $125,000,000 in New Convertible Notes in accordance with the Rights Offering Procedures. Upon conversion of the New Convertible Notes (assuming such conversion occurs 36 months after the Effective Date), the New Common Shares issued to holders of Unsecured Notes Claims under (i) will comprise 51.22% of the total outstanding New Common Shares (subject to dilution by the Management Incentive Plan and the New Common Shares issued upon exercise of the Warrants). The New Convertible Notes will be 9% PIK interest unsecured Notes due 2019, issued pursuant to the New Convertible Notes Indenture, in the aggregate principal amount as of the Effective Date of $131,250,000 (including the Backstop Put Premium), which are convertible to New Common Shares upon the earliest of: (i) 36 months following the Effective Date; (ii) if, on any date (the "***Conversion Trigger Date***") following the Effective Date, the closing price per New Common Share during each of the preceding consecutive 30 trading days has been greater than or equal to 150% of the Plan Value, the later of the Conversion Trigger Date and the second anniversary of the Effective Date; and (iii) the election to effect the conversion by a vote of the holders of a majority of the New Convertible Notes; and which upon such conversion (assuming such conversion occurs 36 months after the Effective Date) will comprise 48.52% of the total New Common Shares outstanding (subject to dilution by the New Common Shares issued under the Management Incentive Plan and the New Common Shares issued upon the exercise of the Warrants). The number of New Common Shares issued upon conversion of the New Convertible Notes will be obtained by dividing (x) the sum of the aggregate principal amount of the New Convertible Notes and accrued PIK interest on the date of conversion	Impaired	Yes	27.8%

Class	Claim or Equity Interest	Treatment	Impaired or Unimpaired	Entitlement to Vote	Approx. Percentage Recovery
		by (y) an amount equal to 80% of the Plan Value.			
6	General Unsecured Claims	The legal, equitable, and contractual rights of the holders of General Unsecured Claims are unaltered by the Prepackaged Plan. Except to the extent that a holder of a General Unsecured Claim agrees to different treatment, on and after the Effective Date, the Debtors will continue to pay or dispute each General Unsecured Claim in the ordinary course of business as if the Chapter 11 Cases had never been commenced.	Unimpaired	No (Deemed to accept)	100 %
7	Intercompany Claims	On or after the Effective Date, all Intercompany Claims will be paid, adjusted, continued, settled, reinstated, discharged, or eliminated, in each case to the extent determined to be appropriate by the Debtors or Reorganized Debtors, as applicable, in their sole discretion. All Intercompany Claims between any Debtor and a non-Debtor affiliate will be Unimpaired under the Prepackaged Plan.	Unimpaired	No (Deemed to accept)	100 %
8	Subordinated Claims	Subordinated Claims are subordinated pursuant to the Prepackaged Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims will not receive or retain any property under the Prepackaged Plan on account of such Claims, and the obligations of the Debtors and the Reorganized Debtors on account of Subordinated Claims will be discharged.	Impaired	No (Deemed to reject)	0%
9	Existing Equity Interests	On the Effective Date, the Existing Equity Interests will be cancelled without further action by or order of the Bankruptcy Court. Notwithstanding the foregoing, each holder of an Allowed Existing Equity Interest will receive its Pro Rata share of (i) New Common Shares representing, in the aggregate, 0.5% of the New Common Shares issued on the Effective Date (subject to dilution by the New Common Shares issued upon conversion of the New Convertible Notes, the Management Incentive Plan, and the New Common Shares issued upon exercise of the Warrants) and (ii) the Warrants. Upon conversion of the New Convertible Notes (assuming such conversion occurs 36 months after the Effective Date), the New Common Shares issued to holders of Allowed Existing Equity Interests will comprise 0.26% of the total outstanding New Common Shares (subject to dilution by the Management Incentive Plan and the New Common Shares issued upon exercise of the Warrants). The Warrants will be for the right to purchase, for a seven (7) year period, on a pro rata basis 6% of the total outstanding New Common Shares (after giving effect to the conversion of the New Convertible Notes), at a per	Impaired	No (Deemed to reject)	N/A

Class	Claim or Equity Interest	Treatment	Impaired or Unimpaired	Entitlement to Vote	Approx. Percentage Recovery
		share price based upon a total equity value of $1.789 billion of Reorganized Basic Parent and as more fully set forth in the Warrant Agreement.			
10	Intercompany Interests	Intercompany Interests are Unimpaired. On the Effective Date, all Intercompany Interests will be treated as set forth in section 5.15 of the Prepackaged Plan.	Unimpaired	No (Deemed to accept)	100%

The following table sets forth the percentage ownership of Reorganized Basic Parent upon the occurrence of different events:[3]

	Pre-conversion of New Convertible Notes, MIP and Warrants	**Post-conversion of New Convertible Notes and pre-exercise of MIP and Warrants**	**Post-conversion of New Convertible Notes and MIP and pre-exercise of Warrants**	**Post-conversion of New Convertible Notes, MIP and Warrants**
Ownership Percentage By Claim				
Holders of Unsecured Notes	99.50%	51.22%	46.10%	43.33%
Rights Offering[4]	-	46.21%	41.59%	39.10%
Backstop Put Premium[5]	-	2.31%	2.08%	1.95%
Existing Equity	0.50%	0.26%	0.23%	0.22%
MIP	-	-	10.00%	9.40%
Warrants	-	-	-	6.00%
Total	100.00%	100.00%	100.00%	100.00%

* The percentage ownership figures set out in the table above assume that no holder of an Existing Equity Interest has objected to the Prepackaged Plan.

Warrants are only expected to be exercised if the equity value of the Debtors in the future exceeds $1.789 billion, which is the approximate value at which New Common Shares received by holders of Unsecured Notes Claims (not including the New Common Shares received on account of conversion of the New

[3] The percentage ownership figures set out in this table assume conversion of the New Convertible Notes 36 months after the Effective Date, and a plan equity value midpoint of 227.3 million.

[4] Includes 20% discount to Plan Value and effect of 9% PIK interest for 3 years.

[5] Includes 20% discount to Plan Value and effect of 9% PIK interest for 3 years.

Convertible Notes) will exceed $824.6 million (the principal plus accrued and unpaid interest on the Unsecured Notes as of an estimated emergence date of December 31, 2016), assuming such conversion occurs 36 months after the Effective Date. This is significantly higher than the midpoint equity value (post conversion of the New Convertible Notes) of $390.6 million, as determined by Moelis & Company.

WHERE TO FIND ADDITIONAL INFORMATION: Basic Parent currently files annual reports with, and furnishes other information, to the SEC. Copies of any document filed with the SEC may be obtained by visiting the SEC website at http://www.sec.gov and performing a search under the "Company Filings" link. Each of the following filings is incorporated as if fully set forth herein and is a part of this Disclosure Statement. Later information filed with the SEC that updates information in the filings incorporated by reference will update and supersede that information:

- Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on February 23, 2016.
- Form 10-Q for the quarterly period ended June 30, 2016, filed with the SEC on July 29, 2016.
- Forms 8-K filed with the SEC on July 29, 2016, August 16, 2016, August 23, 2016, September 7, 2016, September 15, 2016, September 30, 2016, and October 18, 2016.

II.
OVERVIEW OF THE DEBTORS' OPERATIONS

A. Overview of the Debtors' Businesses

Basic Parent and the Debtor and non-Debtor subsidiaries of Basic Parent (collectively, the "***Basic Group***") operate together to provide various well site services to over 2,000 land-based oil and natural gas producing companies. Basic Group's operations include completion and remedial services, fluid services, well servicing, and contract drilling, and are regionally managed from over 100 locations, located in Texas, New Mexico, Oklahoma, Arkansas, Kansas, Louisiana, Wyoming, North Dakota, Colorado, Utah, Montana, West Virginia, California, Ohio, and Pennsylvania. From these operational yards, the Debtors provide services to customers in the 48 contiguous states in their four primary business segments (discussed in further detail below).

The Debtors principal executive offices are located at 801 Cherry Street, Suite 2100, Fort Worth, Texas 76102.

The Debtors balance sheet reflects approximately $1.046 billion in total assets as of the end of the second quarter of 2016, which substantial asset base is necessary to support the Debtors' operations. The Debtors own more than 400 rigs of various sizes, approximately 5,000 trucks and similar vehicles, and thousands of items of other equipment related to their businesses. The Debtors also have interests in real estate, including, among other things, various permitted disposal wells for disposal of salt water and other fluid byproduct. In addition, the Debtors own certain patents and other intellectual property.

B. Operating Segments

The Debtors service geographic areas with over 800,000 active hydrocarbon wells, and its customers include both major exploration and production companies ("***E&P Companies***") and small, independent E&P Companies that in aggregate produce a significant amount of the oil and gas in the United States.

The Debtors' operations are comprised of four distinct business segments: (1) completion and remedial services; (2) fluid services; (3) well servicing; and (4) contract drilling.

1. Completion and Remedial Services

The Debtors' completion and remedial services segment engages in "well completion," which are services designed to stimulate safe and efficient production from an oil or gas well after initial drilling operations have been complete, and "remediation," which are services designed to repair leaks and close non-productive perforations in well casing, and ultimately plug the well at the end of its productive life. The Debtors' completion and remedial services segment operates a fleet of pumping units, an array of specialized rental equipment and fishing tools, coiled tubing units, snubbing units, thru-tubing, air compressor packages specially configured for underbalanced drilling operations, cased-hole wireline units and nitrogen units. The largest portion of this business segment consists of pumping services focused on cementing, acidizing and fracturing services in niche markets.

2. Fluid Services

The Debtors' fluid services segment utilizes a fleet of 972 fluid service trucks (as of September 2016) and related assets, including specialized tank trucks, storage tanks, water wells, disposal facilities, water treatment and construction and other related equipment. These assets provide transport, store, and dispose of a variety of fluids, as well as provide well site construction and maintenance services. These services are required in most workover, completion and remedial projects and are routinely used in daily producing well operations.

The Debtors' fluid services business comprises the sale, transportation, storage, and disposal of fluids used in fracturing, workover the drilling activity as well as produced water, and is the most stable of the Debtors' businesses. A significant part of the Debtors' activities involves its saltwater disposal network, which includes eighty-five (85) salt-water disposal sites, one of the largest saltwater disposal networks in the country. The Debtors' focus on produced water hauling and on anchoring its fleet around an extensive saltwater disposal well network has helped to sustain its utilization levels while keeping a low cost structure. This low cost structure, combined with more stable utilization rates, has equated to improved market share in the currently depressed industry cycle. The Debtors' best performing market for fluid services last year was the Permian Basin – a region with high produced water volumes and attractive economics – where it maintains one of the highest numbers of saltwater disposal wells in the market.

3. Well Servicing

The Debtors' well servicing segment operates a fleet of 421 well servicing rigs (as of September 2016) and related equipment. This business segment encompasses a full range of services performed with a mobile well servicing rig, including the installation and removal of downhole equipment and elimination of obstructions in the well bore to facilitate the flow of oil and natural gas. These services are performed to establish, maintain and improve production throughout the productive life of an oil and natural gas well and to plug and abandon a well at the end of its productive life. The Debtors' well servicing equipment and capabilities also facilitate most other services performed on a well.

The Debtors' network of over forty (40) well servicing yards are strategically located where activity is greatest, enabling the Debtors to keep transportation costs low and its equipment readily available to meet its customers' needs. Additionally, with the Debtors wholly owned subsidiary Taylor, it has the ability to build any type of well servicing rig, including fit-for-purpose rigs that may be needed for large completion jobs.

4. Contract Drilling

The Debtors' contract drilling segment operates a fleet of twelve (12) drilling rigs and related equipment. The Debtors use these assets to penetrate the earth to a desired depth and initiate production from a well.

C. The Debtors' Organizational Structure

Basic Parent was organized as a Delaware corporation in 1992 under the name Sierra Well Service, Inc., and changed to its current name in 2000. The day-to-day operations and business of the Basic Group are principally conducted through two entities, Basic Energy Services L.P. ("***BES***") and Taylor Industries, LLC ("***Taylor***"). The other Debtors are remnants of prior acquisitions and mergers and are shell entities with no material assets. BES is responsible for providing the majority of services offered by the Basic Group in all four operating segments. BES employs over 3,500 individuals. Taylor operates only within the well servicing segment of the Basic Group businesses, providing manufacturing and sale of new workover rigs. Taylor employs approximately 43 individuals. Aside from Basic Parent, BES and Taylor, the Debtors do not engage in any day-to-day operating activities and do not employ any individuals.

A chart illustrating the Debtors' organizational structure is attached to this Disclosure Statement as **Exhibit C**.

D. Directors and Officers

Basic Parent's current board of directors is composed of (i) Steven A. Webster, Chairman, (ii) T.M. ("Roe") Patterson, (iii) Kenneth V. Huseman, (iv) James S. D'Agostino, Jr., (v) William E. Chiles, (vi) Robert F. Fulton, (vii) Sylvester P. Johnson, IV, (viii) Antonio O. Garza, Jr., and (ix) Thomas Moore, Jr.

Basic Parent's current senior management team is composed of (i) T.M. ("Roe") Patterson, President and Chief Executive Officer, (ii) Alan Krenek, Chief Financial Officer, and (iii) James F. Newman, Senior Vice President—Region Operations. Members of Basic Parent's executive team include: (i) William T. Dame, Vice President—Pumping Services Division, (ii) Douglas B. Rogers, Vice President—Marketing, (iii) Eric Lannen, Vice President—Human Resources, (iv) Lanny T. ("Trampas") Poldrack, Vice President—Safety and Operations Support, (v) John C. ("Cody") Bissett, Vice President—Controller and Chief Accounting Officer, and (vi) Brett J. Taylor, Vice President—Manufacturing and Equipment. David C. Johnston of AP Services LLC was recently appointed as Chief Restructuring Officer for the Debtors.

The composition of each board of directors of a Reorganized Debtor will be disclosed prior to the entry of the order confirming the Prepackaged Plan in accordance with 11 U.S.C. § 1129(a)(5).

E. Regulation of the Debtors' Businesses

The Debtors' operations are conducted in the United States and are subject to stringent federal, state, and local laws regulating the discharge of materials into the environment or otherwise relating to health and safety or the protection of the environment. Numerous government agencies, such as the U.S. Environmental Protection Agency, commonly referred to as the "EPA", and analogous state agencies issue regulations to implement and enforce these laws, which often require stringent and costly compliance measures. These laws and regulations may, among other things, require the acquiring of permits; govern the amounts and types of substances that may be released into the environment in connection with oil and gas drilling; restrict the way the Debtors handle or dispose of their materials and waste; limit or prohibit construction or drilling activities in sensitive areas such as wetlands, wilderness

areas or areas inhabited by endangered or threatened species; or investigatory or remedial actions to mitigate pollution conditions. Failure to comply with these laws and regulations may result in the assessment of substantial administrative, civil and criminal penalties, as well as the possible issuance of injunctions limiting or prohibiting liability for environmental damages and cleanup costs without regard to negligence or fault. Strict adherence with these regulatory requirements increases the Debtors' cost of doing business and consequently affects their profitability. The Debtors believe that they are in substantial compliance with current applicable environmental, health and safety laws, and regulations and that continued compliance with existing requirements will not have a material adverse impact on our operations. However, environmental laws and regulations have been subject to frequent changes over the years, and the imposition of more stringent requirements could have material adverse effect upon our capital expenditures, our earnings, or our competitive position.

The laws and regulations that impact the Debtors' operations include those relating to equipment operations and environmental protection, health and safety. Additional discussion of the regulatory environment of the Debtors' business can be found in the Form 10-K of Basic Parent for the fiscal year ended December 31, 2015, filed with the SEC on February 23, 2016.

F. <u>The Debtors' Capital Structure</u>

1. Equity Ownership

Basic Parent is a public company that was first listed on the New York Stock Exchange (the "***NYSE***") on December 9, 2005. Shares of common stock of Basic Parent are traded on the New York Stock Exchange under the symbol "BAS." As of the date of this Disclosure Statement, Basic Parent had 42,758,940 issued and outstanding shares of common stock. All other Debtors are 100 percent owned either directly or indirectly by Basic Parent.

On August 19, 2016, Basic Parent received written notice (the "***NYSE Notice***") from the NYSE that Basic Parent did not presently satisfy the NYSE's continued listing standards set forth in: (i) section 802.01B of the NYSE Listed Company Manual (the "***Manual***"), which prohibits Basic Parent's average global market capitalization over a consecutive thirty-day trading period from being less than $50 million at the same time its stockholders' equity is less than $50 million; and (ii) section 802.01C of the Manual, which requires the average closing price of Basic Parent's common shares to be at least $1.00 per share over a consecutive thirty day trading-day period. As of August 18, 2016, the average closing price of Basic Parent's common shares over the preceding thirty trading-day period was $0.98 per share, the average market capitalization over the preceding thirty trading-day period was approximately $41.7 million, and the last reported stockholders' deficit was approximately ($62.4) million as of June 30, 2016.

Upon filing the Prepackaged Plan, the NYSE will have broad discretion to suspend trading in Basic Parent's shares and commence de-listing proceedings. There can be no assurance as to whether or not the existing Basic Parent shares will be delisted upon or after filing of the Prepackaged Plan or whether the New Common Shares of Reorganized Basic Parent will be listed upon or after the Effective Date of the Prepackaged Plan. Basic Parent has agreed to use its reasonable best efforts to list the New Common Shares on a nationally recognized exchange as soon as practicable, subject to meeting the applicable listing requirements following the Effective Date. However, there can be no assurance as to when or whether any such listing will occur.

2. Prepetition Indebtedness

As of the date of this Disclosure Statement, the Debtors' significant prepetition indebtedness is approximately $1.1 billion, which includes secured financing obligations in the principal amount of

approximately $164.175 million, contingent letter of credit exposure in the approximate amount of $51 million, unsecured financing obligations in the principal amount of approximately $775 million, and capital lease obligations in the principal amount of approximately $78.5 million.

(a) Secured Term Loan

The Debtors are party to that certain Term Loan Agreement, dated as of February 17, 2016, by and among Basic Parent as Borrower, the guarantors named therein, U.S. Bank National Association as administrative agent, and the Term Loan Lenders (as amended, modified, or otherwise supplemented from time to time, the "***Term Loan Agreement***"), pursuant to which the Term Loan Lenders agreed to make a term loan (the "***Term Loan***") to Basic Parent *comprised* of: (i) a $165 million term loan, the proceeds of which were deposited into the Escrow Account and subject to the terms of the Escrow Agreement (as each is defined in the Term Loan Agreement) on February 26, 2016, and (ii) up to an additional $15 million delayed draw facility available upon the satisfaction of certain conditions precedent, which conditions were not satisfied as of the date of this Disclosure Statement. The Term Loan has a maturity date of February 26, 2021 with a springing maturity of November 17, 2018 if the Debtors are unable complete an acceptable refinancing of the 2019 Notes by November 17, 2018. As of the date hereof, the aggregate amount outstanding under the Term Loan Agreement is $164.175 million in unpaid principal, plus interest, fees, and other expenses.

As of the date of this Disclosure Statement, approximately $20.3 million in proceeds from the Term Loan remain in the Escrow Account due to the failure of the Debtors to satisfy certain perfection requirements related to the Term Loan collateral that are set forth in the Escrow Agreement. Furthermore, the Debtors' failure to make the interest payment due on August 15, 2016 under the 2019 Notes Indenture constituted a default under the Term Loan Agreement, and under the terms of the Escrow Agreement no funds held in the Escrow Account may be released to the Debtors if a default has occurred and is continuing under the Term Loan Agreement. In addition, the Term Loan Lenders could assert that the commencement of the Chapter 11 Cases would trigger a make-whole premium (the "***Make-Whole***") under the Term Loan Agreement, which, if successful, would increase the Term Loan Claims by an additional $58 million. However, as discussed below, the Term Loan Lenders have agreed to forego payment of that amount under the Prepackaged Plan.

The obligations of the Debtors under the Term Loan Agreement are secured pursuant to that certain Security Agreement, dated as of February 26, 2016 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "***Term Loan Security Agreement***"). Pursuant to the Term Loan Security Agreement and certain other local law collateral agreements, the Debtors each granted a first priority lien on and security interest in the Term Loan Priority Collateral (as that term is defined in the Intercreditor Agreement) and a second priority lien on and security interest in the ABL Facility Priority Collateral (as that term is defined in the Intercreditor Agreement). The Term Loan Priority Collateral includes, subject to certain exclusions, substantially all the property of the Debtors including equipment, fixtures, goods, inventory, real property, intellectual property, and all other property other than the ABL Facility Priority Collateral.

(b) Secured ABL Credit Facility

The Debtors are party to that certain Amended and Restated Credit Agreement, dated as of November 26, 2014, by and among Basic Parent, as the borrower, the guarantors named therein, Bank of America, N.A., as administrative agent, swing line lender, and L/C issuer, Wells Fargo Bank, N.A., as syndication agent, Capital One, National Association, as documentation agent and L/C issuer, and other lender parties listed therein (collectively, the "***ABL Lenders***"), as amended, modified, or otherwise supplemented from time to time (the "***ABL Credit Agreement***") and under which Basic Parent received a $300 million revolving

credit facility, including a letter of credit sublimit in an equal amount and a swing line sublimit in an aggregate amount of up to $10 million (the "***ABL Facility***"). The ABL Credit Agreement was subsequently amended on April 21, 2015, to reduce the maximum aggregate commitments thereunder from $300 million to $250 million.

In connection with the closing of the Term Loan, which occurred on February 26, 2016, Basic Parent entered into a further amendment to the ABL Credit Agreement that, among other things, further reduced the maximum aggregate commitments thereunder from $250 million to $100 million. The ABL Credit Agreement has a maturity date of November 26, 2019 with a springing maturity of August 17, 2018 if the Debtors are unable to refinance the 2019 Notes (as defined below) by August 17, 2018. As of the date hereof, the Debtors had approximately $51 million in letters of credit issued under the ABL Credit Agreement but no borrowings outstanding under the ABL Facility.

The obligations of the Debtors under the ABL Credit Agreement are secured pursuant to that certain Second Amended and Restated Security Agreement dated as of February 26, 2016 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "ABL Security Agreement"). Pursuant to the ABL Security Agreement, the Debtors each granted a security interest in the ABL Facility Priority Collateral, as that term is defined in the Intercreditor Agreement (as defined below). The ABL Facility Priority Collateral includes, among other things, the Debtors' right, title, and interest in certain cash, deposit accounts, and receivables—other than certain deposit accounts that contain only the proceeds of the Term Loan Priority Collateral or the proceeds of the Term Loan.

(c) Secured Creditor Intercreditor Agreement

The rights of the Term Loan Lenders and the ABL Lenders with respect to their shared collateral are governed by that certain Intercreditor Agreement dated as of February 26, 2016, by and among Bank of America, N.A., as administrative agent under the ABL Credit Agreement, U.S. Bank National Association, as administrative agent under the Term Loan Agreement, and the Debtors (as amended, restated, supplemented, waived or otherwise modified from time to time, the "***Intercreditor Agreement***"). The Intercreditor Agreement governs, among other things, the priority of distribution of property pledged as collateral under each of the Term Loan Agreement and the ABL Credit Agreement. In accordance with the Intercreditor Agreement: (i) the ABL Lenders are afforded first priority with respect to ABL Facility Priority Collateral; and (ii) the Term Loan Lenders are afforded second priority with respect to the ABL Facility Priority Collateral and first priority with respect to the Term Loan Priority Collateral.

(d) 7.75% Senior Unsecured Notes due 2019

The Debtors are party to that certain Indenture (the "***2019 Indenture***"), dated as of February 15, 2011, by and among Basic Parent, as issuer, each of the guarantors named therein, and Wilmington Trust, N.A. (as successor to Wells Fargo Bank, N.A.), as trustee, as amended, modified, or otherwise supplemented, pursuant to which Basic Parent issued 7.75% Senior Unsecured Notes due 2019 in the aggregate principal amount of $275 million (the "***Initial 2019 Notes***"). The Initial 2019 Notes were issued at par and mature on February 15, 2019. On June 13, 2011, the Debtors issued additional 2019 Notes (the "***Additional 2019 Notes***" and, collectively with the Initial 2019 Notes, the "***2019 Notes***" and the holders of such notes, the "***2019 Noteholders***") pursuant to the 2019 Indenture in the aggregate principal amount of $200 million. The Additional 2019 Notes were issued at 101% of their principal amount, plus accrued interest from February 15, 2011, and mature on February 15, 2019. The Additional Notes are identical to and are treated together with the Initial 2019 Notes as a single class of debt securities under the 2019 Indenture. Interest on the 2019 Notes is payable semi-annually in arrears on February 15 and August 15 of each year. As of October 25, 2016, the aggregate amount outstanding under the 2019 Notes will be approximately $475 million in unpaid principal, and approximately $25.8 million in unpaid interest.

(e) 7.75% Senior Unsecured Notes due 2022

The Debtors are party to that certain Indenture (the "***2022 Indenture***"), dated as of October 16, 2012, by and among Basic Parent, as issuer, each of the guarantors named therein, and Wilmington Trust, N.A. (as successor to Wells Fargo Bank, N.A.), as trustee, as amended, modified, or otherwise supplemented, pursuant to which Basic Parent issued 7.75% Senior Unsecured Notes due 2022 in the aggregate principal amount of $300 million (the "***2022 Notes***" and the holders of such notes, the "***2022 Noteholders***"). The 2022 Notes were issued at par and mature on October 15, 2022. Interest on the 2022 Notes is payable semi-annually in arrears on April 15 and October 15 of each year. As of October 25, 2016, the aggregate amount outstanding under the 2022 Notes will be approximately $300 million in unpaid principal, and approximately $12.3 million in unpaid interest.

(f) Capital Lease Obligations

As of the date of this Disclosure Statement, the Debtors had approximately $78.5 million outstanding in capital lease obligations in connection with various specialized equipment.

(g) Other Indebtedness

As of the date hereof, the Debtors owe approximately $45 million in respect of prepetition trade debt and on account of liquidated and provisioned-for litigation claims (which is described in more detail below). The Debtors believe that because BES and Taylor are the only operating Debtors, most, if not all, trade debt in the Chapter 11 Cases will be owed by BES or Taylor alone. However, it is possible, given the scope of the Debtors' businesses and the similarity of their corporate names, that one or more of the other Debtors are named in one or more invoices, or that such invoices are unclear as to which corporate entity is being invoiced.

The Debtors are involved in a number of lawsuits and claims by third parties asserting damages. Due to the nature of the Debtors' businesses, some of the Debtors' employees may be exposed to certain occupational hazards, such as well blowouts and accidents related to the operation of rigs. As a result, the frequency of workers' compensation, employer liability, and general liability claims against the Debtors, and generally in the oil and gas services industry, tend to be high. Currently, the Debtors are defendants in approximately 33 pending litigation cases, and approximately $6.9 million has been reserved for anticipated settlement or judgment amounts with respect to these pending cases. In addition, the Debtors estimate that between $20.4 million and $23.8 million of asserted but not yet administered workers' compensation claims will be outstanding as of the Petition Date. The Debtors pay these claims as they are processed in the ordinary course as further described in the Insurance Motion.

The two most significant proceedings currently pending against the *Debtors are Galindo v. Energy Svcs. Co. of Bowie, Cause* No. 1861 (District Court of Reagan County, Texas) (in which the defendants are parties fully indemnified by the Debtors) and *Baze v. Basic Energy Services, LP., Cause* No. CV-51377 (District Court of Midland County, Texas). On September 28, 2016, the jury issued a verdict in the *Galindo* litigation, awarding the plaintiffs approximately $7.05 million in damages plus interest and fees (as compared to a demand of $29.5 million). The order in the *Galindo* litigation was entered on October 11, 2016. The Debtors have thirty (30) days from the date of the judgment to file a motion for a new trial or begin an appeal, but as of the date of this Disclosure Statement no decision has been made with respect to either. The *Baze* litigation (in which the plaintiffs are demanding $30 million in damages) is scheduled for mediation on December 14, 2016. The Debtors estimate that the settlement amount or judgment in the *Baze* litigation will be substantially below the demand amount.

The Debtors' liability in each of the *Galindo* and *Baze* cases are covered by the Debtors' General Liability and Excess Tower programs, as each program is described in the Insurance Motion. Because accidents relating to the two proceedings occurred during the same 2014/15 policy year, and because of the structure of the Debtors' deductibles and loss load payments (as both are described in the Insurance Motion), the Debtors' maximum out-of-pocket exposure to unfavorable outcomes in the *Galindo* and *Baze* cases is not expected to exceed an aggregate of $5.5 million.

The Debtors do not expect their litigation liability to have a material adverse effect on their consolidated financial statements. The Debtors, however, cannot predict with certainty the outcome or effect of other pending or threatened litigation or legal proceedings, and the eventual outcomes could materially differ from their current estimates.

III.
KEY EVENTS LEADING TO THE COMMENCEMENT OF CHAPTER 11 CASES

A. A Sustained Drop in Oil & Gas Prices

The oil and gas industry has been in one of the longest, steepest and most sustained declines in oil and gas prices in recent history. This decline has led E&P Companies, whose businesses are directly impacted by price swings in commodities, to sizably reduce their capital and operating expenditures relating to hydrocarbon production and drilling activities. As a result, numerous North American oilfield services companies, whose businesses are dependent on the spending of E&P Companies, have filed bankruptcy proceedings during 2015 and 2016.

The sustained drop in oil and gas prices has impacted companies throughout the oil and gas industry including the Basic Group and its customers. The Basic Group depends on its customers' willingness to make operating and capital expenditures to explore for, and develop and produce oil and natural gas in the United States. Customers' expectations for lower market prices for oil and natural gas, as well as the availability of capital for operating and capital expenditures, have resulted in a curtailment of spending.

Consequently, demand for the Basic Group's services has decreased and will continue to do so if the price of oil remains at its current level or declines further. During the first quarter of 2016, the Basic Group's revenues totaled $130.4 million—a 50% drop from the $261.7 million earned during the same period in 2015.

Industry conditions, to which the Basic Group is susceptible, are influenced by numerous factors over which it has no control, such as the supply of and demand for oil and natural gas, domestic and worldwide economic conditions, political instability in oil and natural gas producing countries and merger and divestiture activity among oil and gas producers. Deterioration in the global economic environment commencing in the latter part of 2008 and continuing throughout 2009 caused the oilfield services industry to cycle into a downturn due to weakened demand. The industry returned to higher activities levels in 2011 and remained higher during the first half of 2012, before another downturn in the second half of 2012, affecting natural gas prices in particular. The industry pricing remained relatively stable through the middle of 2014. However, beginning in the second half of 2014, oil prices declined substantially from historical highs and have continued to decline. Oil and gas prices may remain depressed for the foreseeable future. In light of the current depressed oil prices, many oil producers, including many of our customers, announced significant reductions in capital budgets for 2016.

The recent circumstances surrounding the oil and gas industry has resulted in numerous oil and gas servicing companies seeking bankruptcy protection since the beginning of the downturn.

The Debtors have implemented various cost-cutting measures to adjust to the market downturn and corresponding pressure placed on its margins. Specifically, over the course of 2015, the Debtors initiated plans to deal with the diminished level of customer activity by reducing their capital expenditures from $75.2 million in 2014 to a projected $40 million in 2016, scaling down operations to fit cash flow, stacking equipment with higher operating costs, and preserving liquidity by postponing asset acquisitions. In addition, Basic Energy exited markets where margins fell below levels that justified current sustaining capital expenditures and worked with its vendors and suppliers to lower input costs. The Basic Group also implemented across-the-board salary and wage reductions, and cut its workforce by over 30% in comparison to its 2014 workforce levels.

These cost-cutting measures, however, did not fully offset the Debtors' lower revenues and the Basic Group continued to deplete its cash reserves. By the end of 2015, the Debtors realized that they would need to seek additional financing to be able to either (i) ride out the downturn, if a recovery took hold in the near-term, or (ii) provide it enough runway to negotiate a deleveraging transaction, if no near-term recovery materialized. The Debtors determined that their consolidated balance sheet, which consisted primarily of the unsecured 2019 Notes and 2022 Notes at that time, could support an additional loan secured by substantially all its existing assets.

After a marketing process that yielded few lenders willing to provide the company financing on commercially sustainable terms, the Debtors were able to negotiate and enter into the Term Loan with the Term Loan Lenders. The Term Loan was the product of arm's length negotiations between the Debtors and the Term Loan Lenders.

Oil prices did not sufficiently rebound in 2016 to turn around the Debtors' business, and the Debtors have now run out of available financing options. With no clear timing for a recovery on the horizon, the Debtors have determined that surviving through the downturn would require both a significant deleveraging of its capital structure and an infusion of additional capital. Several of Basic Energy's competitors have completed or are implementing deleveraging transactions in chapter 11 to remain competitive. To ensure that Basic Energy can continue to compete successfully against its substantially deleveraged peers, it will similarly need to right-size its balance sheet. Basic Energy will also need to raise additional capital to support its negative EBITDA while a recovery takes hold and provide it the funds it needs to exploit opportunities to consolidate its weaker peers.

B. Negotiations with Stakeholders

Although the Debtors have historically maintained operations at profitable levels, the significant decline in oil prices and the resulting decrease in demand for oil and gas services referred to above have cast uncertainty on the viability of the Debtors' current capital structure going forward. Moreover, several of Basic Group's competitors have deleveraged their own balance sheets through chapter 11 processes, thus forcing even solvent companies to explore similar options to remain competitive moving forward.

In light of these circumstances, the Debtors engaged Weil, Gotshal & Manges LLP as legal restructuring counsel and Moelis & Company ("***Moelis***") as a financial advisor to work with Basic Parent's management to evaluate strategic deleveraging options and to engage key debtholders and their advisers in good faith negotiations to explore a possible restructuring and assist in implementing the Restructuring. The Debtors subsequently engaged AP Services, LLC as restructuring advisors and to assist them with operating during bankruptcy.

In the spring of 2016, the Debtors initiated discussions with an ad hoc group (the "***Ad Hoc Group***") of certain of the 2019 Noteholders and 2022 Noteholders (collectively, the "***Noteholders***"), which at that time was comprised of members Ascribe Capital, LLC, Brigade Capital Management, LLC, and Silver

Point Management Capital, L.P. The Ad Hoc Group engaged Fried, Frank, Harris, Shriver & Jacobson LLP as its legal counsel and GLC Advisors & Co., LLC as its financial advisor.

For several months, the Debtors and the Ad Hoc Group discussed the potential contours of an out-of-court restructuring. During the course of these discussions, it became clear to both the Debtors and the Ad Hoc Group that the substantial deleveraging both parties sought would most effectively be accomplished through an in-court transaction. Accordingly, beginning early in the summer of 2016, the Debtors, the Ad Hoc Group, and the Term Loan Lenders began negotiations regarding the terms of a chapter 11 restructuring, with a fully consensual prepackaged plan as the ultimate goal.

In June 2016, the Board appointed a special restructuring committee (the "***Restructuring Committee***") to explore various restructuring alternatives and to monitor the negotiations between the Debtors' management team and advisors on the one hand, and the Term Loan Lenders and Ad Hoc Group and their advisors on the other hand. In the months leading up to the signing of the Restructuring Support Agreement, the Restructuring Committee met almost every week to consider proposals received from the Ad Hoc Group and the Term Loan Lenders, authorize the Debtors' counterproposals, and discuss updates and general restructuring strategy and considerations. Likewise, the Board also met periodically to consider the various proposals and counterproposals presented, the recommendations of the Restructuring Committee, and other related matters such as whether to make an interest payment due on August 15, 2016 to the 2019 Noteholders or not make the payment and utilize the 30-day grace period under the 2019 Notes Indenture to provide additional time to negotiate a chapter 11 restructuring with its creditors

C. Interest Payment on the 2019 Notes

The 2019 Indenture provides for interest payments on account of the 2019 Notes on February 15 and August 15 until maturity. On August 15, 2016, Basic Parent elected to utilize a 30-day grace period (the "***2019 Notes Grace Period***") with respect to, and not to make, the approximate $18.4 million semi-annual payment that day. An event of default under the 2019 Notes occurred when Basic Parent did not make the interest payment before the expiration of the 2019 Notes Grace Period on September 14, 2016. The occurrence of an event of default under the 2019 Indenture gives the trustee or the holders of at least 25% of principal amount of the outstanding 2019 Notes the option to declare all of the 2019 Notes due and payable immediately upon such event of default.

Additionally, failure to make the interest payment on the 2019 Notes when due at the end of the 2019 Notes Grace Period would result in an event of default under the ABL Credit Agreement, and the Term Loan Agreement. The occurrence of an event of default under the ABL Credit Agreement or the Term Loan Agreement allows the respective administrative agents under the ABL Credit Agreement or the Term Loan Agreement to declare Basic Parent's obligations under the ABL Credit Agreement and the Term Loan Agreement, as the case may be, immediately due and payable and to exercise such administrative agents' and lenders' rights under the ABL Credit Agreement and the Term Loan Agreement.

D. Forbearance and Waivers

On September 13, 2016, before the expiration of the 2019 Grace Period, the Debtors entered into a forbearance agreement with holders of 81% of the 2019 Notes (the "***Forbearance Agreement***"). Under the Forbearance Period, such holders of 2019 Notes agreed to forbear from exercising their rights and remedies, including the right to accelerate any indebtedness, through September 28, 2016.

In conjunction with the Forbearance Agreement, the Term Loan Lenders and the ABL Lenders agreed to provide temporary waivers of certain and future defaults related, in part, to the missed interest payment,

and a potential breach of a minimum liquidity covenant under the Term Loan Agreement, through September 28, 2016. The purpose of the Forbearance Agreement and the temporary waivers was to provide the Debtors with additional flexibility to continue discussions with all of their creditors and to pursue the Restructuring.

On September 28, 2016, the Debtors and holders of 81% of the 2019 Notes agreed to extend the Forbearance Period through October 16, 2016. The Term Loan Lenders and the ABL Lenders also agreed to provide extensions of the waivers provided on September 28, 2016 through October 16, 2016.

To provide the Debtors with additional time to finalize the documentation of the Restructuring, the Debtors reached an agreement with holders of over 81% of the 2019 Notes to further extend the Forbearance Agreement by eight days, through October 24, 2016, subject to certain terms and conditions (including the extension of the Forbearance Extension Period by Term Loan Lenders and ABL Lenders) (the "***Additional Extension Period***"). The Term Loan Lenders and the ABL Lenders also agreed to provide an extension of their temporary waivers through the Additional Extension Period.

The Debtors used the time afforded by the Additional Extension Period to finalize the Restructuring with both the Term Loan Lenders and the Ad Hoc Group.

E. Interest Payment Due Under the 2022 Notes

The 2022 Indenture provides for interest payments on account of the 2022 Notes on April 15 and October 15 until maturity. On October 16, 2016, the Debtors elected to utilize a 30-day "grace period" (the "***2022 Notes Grace Period***"), and not to make, the approximate $11.6 million interest semi-annual payment that day. The 2022 Notes Grace Period expires on Monday, November 15, 2016.

As in the case of the 2019 Notes, failure to make the Interest Payments on the 2022 Notes when due at the end of the 2022 Notes Grace Period would result in an event of default under the ABL Credit Agreement, and the Term Loan Agreement. The occurrence of an event of default under the ABL Credit Agreement or the Term Loan Agreement allows the respective administrative agents under the ABL Credit Agreement or the Term Loan Agreement to declare Basic Parent's obligations under the ABL Credit Agreement and the Term Loan Agreement, as the case may be, immediately due and payable and to exercise such administrative agents' and lenders' rights under the ABL Credit Agreement and the Term Loan Agreement.

F. Restructuring Support Agreement

On October 23, 2016, the Debtors entered into the Restructuring Support Agreement with the Consenting Term Loan Lenders and the Consenting Noteholders (collectively, the "***Required Restructuring Support Parties***"). Under the Restructuring Support Agreement, each of the Required Restructuring Support Parties agreed to, subject to the terms and conditions of the Restructuring Support Agreement, among other things: (i) vote any claim it holds against the Debtors to accept the Prepackaged Plan and not (a) change or withdraw (or cause to be changed or withdrawn) its vote to accept the Prepackaged Plan, (b) object to, delay, impede, or take any other action to interfere with, delay, or postpone acceptance, consummation, or implementation of the Prepackaged Plan, or (c) propose, file, support, or vote for any restructuring, sale of assets, workout, or plan of reorganization of the Debtors other than the Prepackaged Plan and (ii) subject to certain exceptions, limit its ability to transfer the indebtedness it holds.

Under the Restructuring Support Agreement, the Debtors agreed to, among other things: (i) take all reasonably necessary and proper action and use reasonable best efforts to consummate the Restructuring in accordance with the Restructuring Support Agreement; (ii) use reasonable best efforts to meet the

milestones set forth in the Restructuring Agreement; (iii) act in good faith and use reasonable best efforts to support and complete successfully the Solicitation; (iv) use reasonable best efforts to obtain any and all required regulatory approvals and third-party approvals of the Restructuring; (v) not to directly or indirectly seek or solicit any discussions relating to, or enter into any agreements relating to, any alternative proposals; (vi) not to take any actions inconsistent with the Restructuring Support Agreement and any other related documents executed by the Debtors; (vii) provide draft copies of all material motions, applications, or other documents that the Debtors intend to file with the Bankruptcy Court to the Required Restructuring Support Parties' counsel at least three (3) calendar days prior to the date when the Debtors intend to file such document, or as soon as reasonably practicable, but in no event later than one (1) business day, where three (3) calendar days' notice is not reasonably practicable; and (viii) support and take all actions that are necessary and appropriate to facilitate approval of this Disclosure Statement, confirmation of the Prepackaged Plan and consummation of the Restructuring in accordance with the Restructuring Support Agreement.

The Restructuring Support Agreement is terminable by the Restructuring Support Parties or the Debtors under certain conditions. The termination provisions include the failure of the Backstop Agreement (as defined below) to be effective in accordance with its terms or the termination of the Backstop Agreement, as well as several milestone dates, including, among other things, with respect to (i) a failure by the Debtors to commence solicitation of votes on the Prepackaged Plan; (ii) a failure by the Debtors to commence chapter 11 proceedings and file the Prepackaged Plan and this Disclosure Statement; (iii) a failure by the Bankruptcy Court to enter an order approving this Disclosure Statement; and (iv) a failure by the Bankruptcy Court to enter an order confirming the Prepackaged Plan.

The Restructuring Support Agreement and the obligations of all parties thereto may be terminated by mutual agreement by the Debtors and the Required Restructuring Support Parties.

IV.
ANTICIPATED EVENTS DURING THE CHAPTER 11 CASES

In accordance with the Restructuring Support Agreement, the Debtors anticipate filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code on or about October 25, 2016. The filing of the petitions will commence the Chapter 11 Cases, at which time the Debtors will be afforded the benefits and become subject to the limitations of the Bankruptcy Code.

The Debtors intend to continue to operate their businesses in the ordinary course during the pendency of the Chapter 11 Cases as they have been doing before the Petition Date. To facilitate the efficient and expeditious implementation of the Prepackaged Plan through the Chapter 11 Cases, and to minimize disruptions to the Debtors' operations on the Petition Date, the Debtors intend to seek to have the Chapter 11 Cases assigned to the same bankruptcy judge and administered jointly and to file various motions seeking important and urgent relief from the Bankruptcy Court. Such relief, if granted, will assist in the administration of the Chapter 11 Cases; however, there can be no assurance that the requested relief will be granted by the Bankruptcy Court.

A. Commencement of the Chapter 11 Cases and First Day Motions

On the Petition Date, the Debtors intend to file multiple motions seeking various relief from the Bankruptcy Court and authorizing the Debtors to maintain their operations in the ordinary course. Such relief is designed to ensure a seamless transition between the Debtors' prepetition and postpetition business operations, facilitate a smooth reorganization through the Chapter 11 Cases, and minimize any

disruptions to the Debtors' operations. The following is a brief overview of the relief the Debtors intend to seek on the Petition Date to maintain their operations in the ordinary course.

1. Debtor in Possession Financing

To address their working capital needs and fund their reorganization efforts, on or immediately after the Petition Date, the Debtors intend to seek Bankruptcy Court approval of an agreement with certain of the Term Loan Lenders and Noteholders (collectively, the "***DIP Lenders***") to receive a $90 million debtor-in-possession term loan (the "***DIP Term Loan***"). The proposed order seeking approval of the DIP Term Loan also reflects an agreement between and among the Debtors, the Term Loan Agent, the Term Loan Lenders, the ABL Facility Agent, and the ABL Facility Lenders on the consensual use of Cash Collateral (as defined in the Bankruptcy Code), and the terms of adequate protection to be provided to such parties.

2. Cash Management System

The Debtors maintain a centralized cash management system designed to receive, monitor, aggregate, and distribute cash among the various Debtors (and non-Debtors). On the Petition Date, the Debtors intend to seek authority from the Bankruptcy Court to continue the use of their existing cash management system, bank accounts, and related business forms, as well as to continue their intercompany arrangements to avoid disruption in the Debtors' operations and facilitate the efficient administration of the Chapter 11 Cases. Among other things, the Debtors will seek relief to continue their credit card program, which has a combined limit of $2 million and is fully collateralized by funds held in the Debtors' specific account.

3. Trade Creditors

In the ordinary course of business, the Debtors rely upon a variety of vendors and service providers. Pursuant to the Prepackaged Plan, the Debtors intend to pay all of their obligations to such vendors and service providers in full. However, certain vendors or service providers may seek to terminate or alter the terms of their agreements with the Debtors if the Debtors fail to honor their obligations as they become due. To avoid the detrimental effects of potential actions taken by the Debtors' vendors and service providers, and to minimize any disruption to the Debtors' operations, on the Petition Date, the Debtors intend to seek authority from the Bankruptcy Court to satisfy their obligations to vendors and service providers in the ordinary course.

4. Taxes

Pursuant to the Prepackaged Plan, the Debtors intend to pay all taxes and fees in full. To minimize any disruption to the Debtors' operations and ensure the efficient administration of the Chapter 11 Cases, on the Petition Date, the Debtors intend to seek authority from the Bankruptcy Court to pay all taxes, fees, and similar charges and assessments, whether arising pre- or postpetition, to the appropriate taxing, regulatory, or other governmental authority in the ordinary course of the Debtors' businesses.

5. Utilities

In the ordinary course of business, the Debtors incur certain expenses related to the essential utility services such as electricity, gas, water, and telecommunications. On the Petition Date, the Debtors intend to seek approval of procedures to provide such utility providers with adequate assurance that the Debtors will continue to honor their obligations in the ordinary course.

6. Insurance

In connection with the operation of the Debtors' businesses, the Debtors maintain various insurance policies designed to protect their property, assets, key personnel, and business operations. The types of insurance policies maintained by the Debtors include general liability, excess liability, directors' and officers' liability, fiduciary liability, workers' compensation, and property, crime, automobile, pollution, cyber liability, special risk, and terrorism coverage. The maintenance of certain insurance coverage is essential to the Debtors' operations and is required by laws, various regulations, financing agreements and contracts. The Debtors believe that the satisfaction of their insurance obligations, whether arising pre- or postpetition, is necessary to maintain the Debtors' relationships with their insurance providers and ensure the continued availability and commercially reasonable pricing of such insurance coverage. Accordingly, on the Petition Date, the Debtors intend to file a motion (the "***Insurance Motion***") seeking authority from the Bankruptcy Court to continue to honor their insurance obligations in the ordinary course.

7. Employee Wages and Benefits

The Debtors' businesses are labor intensive and rely upon various employees and independent contractors in approximately 15 states. Generally, members of the Debtors' workforce rely upon their compensation to meet their daily living expenses. To minimize the uncertainty and potential distractions associated with Chapter 11 Case and the potential disruption of the Debtors' operations resulting therefrom, on the Petition Date, the Debtors intend to seek authority from the Bankruptcy Court to continue to honor their obligations to their workforce in the ordinary course of business, including (i) the payment of pre- and postpetition wages, salaries, and reimbursable employee expenses, (ii) the payment of pre- and postpetition wages of independent contractors, (iii) the payment of pre- and postpetition accrued and unpaid employee benefits, and (iv) the continuation of certain of the Debtors' benefit and incentive programs and policies.

8. Protection of Tax Benefits and Net Operating Losses

The Debtors' net operating losses ("***NOL***") and certain other tax attributes are valuable assets of the Debtors' estates. The Debtors estimate that, as of the Petition Date, the Basic Group will have incurred, for U.S. federal income tax purposes, at least $450 million of NOLs in addition to certain other tax attributes. These tax attributes are valuable because, for U.S. federal income tax purposes, a corporation can generally carry forward its losses to offset future income or tax, thereby reducing its tax liability in future periods. The Debtors believe that, even after taking account of any cancellation of debt impact of the Prepackaged Plan on the Debtors, the Debtors' NOLs and other tax attributes may result in significant future tax savings. These savings could enhance the Debtors' cash position and significantly contribute to the successful reorganization of the Debtors.

Section 382 of the U.S. Internal Revenue Code (the "***Tax Code***") limits a corporation's ability to use its NOLs and certain other tax attributes after the corporation undergoes a proscribed change of ownership. Although an ownership change of the Debtors is expected to occur upon implementation of the Prepackaged Plan, the limitations imposed by section 382 of the Tax Code upon a change in ownership under a confirmed plan are significantly more relaxed than those otherwise applicable.

Accordingly, on the Petition Date, to protect the value of their NOL carryforwards and other tax attributes, the Debtors intend to (i) seek authority from the Bankruptcy Court to restrict the accumulation of Interests above a specified threshold, and (ii) reserve the right, in the event the Prepackaged Plan is subsequently withdrawn, to seek certain procedures and potential restrictions effective to the Petition Date with respect to the trading of Claims.

FOR A DISCUSSION OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PREPACKAGED PLAN TO THE DEBTORS AND THE POTENTIAL IMPACT ON THE DEBTORS' TAX ATTRIBUTES, SEE ARTICLE X HEREOF.

B. Other Procedural Motions and Retention of Professionals

The Debtors intend to file various motions that are common to chapter 11 proceedings of similar size and complexity as the Chapter 11 Cases, including applications to retain various professionals to assist the Debtors in the Chapter 11 Cases.

C. Confirmation Hearing

Contemporaneously with the filing of the Petition, the Debtors will seek an order of the Bankruptcy Court scheduling the Confirmation Hearing to consider (i) the adequacy of this Disclosure Statement and the Solicitation in connection herewith and (ii) confirmation of the Prepackaged Plan. The Debtors anticipate that notice of these hearings will be published and mailed to all known holders of Claims and Interests at least 28 days before the date by which objections must be filed with the Bankruptcy Court.

D. Timetable for the Chapter 11 Cases

In accordance with the Restructuring Support Agreement, the Debtors have agreed to proceed with the implementation of the Prepackaged Plan through the Chapter 11 Cases. Among the milestones contained in the Restructuring Support Agreement is the requirement that the Bankruptcy Court enter the order approving this Disclosure Statement and the solicitation procedures and confirming the Prepackaged Plan within 75 days after the Petition Date. The Restructuring Support Agreement also requires that the Effective Date occur within 90 days after the Petition Date. Although the Debtors will request that the Bankruptcy Court approve the timetable set forth in the Restructuring Support Agreement, there can be no assurance that the Bankruptcy Court will grant such relief or that the Effective Date will occur on such timetable. Achieving the various milestones under the Restructuring Support Agreement is crucial to reorganizing the Debtors successfully.

V.
MATTERS INVOLVING NON-DEBTORS

As noted above, the Basic Group comprises 31 entities; of those, 28 will be Debtors in the Chapter 11 Cases. Three entities, Basic Energy Services International, LLC, ESA de Mexico S.A. de C.v. and Robota Energy Equipment, LLC are non-Debtors. The non-Debtors do not conduct any business, do not have any material assets or liabilities, and will not be affected by the Restructuring or the Chapter 11 Cases.

VI.
SUMMARY OF THE PREPACKAGED PLAN

This section of this Disclosure Statement summarizes the Prepackaged Plan, a copy of which is annexed hereto as **Exhibit A**. This summary is qualified in its entirety by reference to the Prepackaged Plan.

A. Administrative Expenses and Priority Claims

1. Treatment of Administrative Expense Claims

Except to the extent that a holder of an Allowed Administrative Expense Claim other than a Fee Claim agrees to a different treatment, on the Effective Date or as soon thereafter as is

reasonably practicable (but in no event later than 30 days after the Effective Date), the holder of such Allowed Administrative Expense Claim will receive, on account of such Allowed Claim, Cash in an amount equal to the Allowed amount of such Claim; *provided*, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtors (which, for the avoidance of doubt, do not include Restructuring Expenses), as Debtors in Possession, will be paid by the Debtors or the Reorganized Debtors, as applicable, in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any orders or agreements governing, instruments evidencing, or other documents establishing, such liabilities.

2. Treatment of Fee Claims

All Professional Persons seeking awards by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under sections 327, 328, 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5), or 1103 of the Bankruptcy Code will (a) file, on or before the date that is forty five (45) days after the Effective Date, their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred and (b) be paid in full, in Cash, in such amounts as are Allowed by the Bankruptcy Court in accordance with the order(s) relating to or allowing any such Fee Claim. The Debtors are authorized to pay, including from the Fee Escrow Account, which the Reorganized Debtors will establish in trust for the Professional Persons and fund with Cash on the Effective Date, compensation for professional services rendered and reimbursement of expenses incurred after the Effective Date in the ordinary course and without the need for Bankruptcy Court approval.

Any objections to Fee Claims will be served and filed (a) no later than twenty-one (21) days after the filing of the final applications for compensation or reimbursement or (b) such later date as ordered by the Bankruptcy Court upon a motion of the Reorganized Debtors.

3. Treatment of DIP Facility Claims

In full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP Facility Claim, each such Allowed DIP Facility Claim will be paid in full in Cash by the Debtors on the Effective Date equal to the Allowed amount of such DIP Facility Claim and all commitments under the DIP Facility Loan Agreement will terminate. Upon the indefeasible payment or satisfaction in full in Cash of the DIP Facility Claims (other than any DIP Facility Claims based on the Debtors' contingent obligations under the DIP Facility Loan Agreement for which no claim has been made) in accordance with the terms of the Prepackaged Plan, on the Effective Date, all Liens granted to secure such obligations will be terminated and of no further force and effect. The Debtors' contingent or unliquidated obligations under the DIP Facility Loan Agreement, to the extent not indefeasibly paid in full in Cash on the Effective Date or otherwise satisfied by the Debtors in a manner acceptable to the DIP Facility Agent, any affected lender under the DIP Facility Loan Agreement, or any other holder of a DIP Facility Claim, as applicable, will survive the Effective Date and will not be released or discharged pursuant to the Prepackaged Plan or Confirmation Order, notwithstanding any provision hereof or thereof to the contrary.

4. Payment of Fees and Expenses under DIP Facility Order or Restructuring Support Agreement

On the later of (i) the Effective Date and (ii) the date on which such fees, expenses or disbursements would be required to be paid under the terms of the applicable DIP Facility Order, order entered by the Bankruptcy Court approving the Backstop Agreement, or the Restructuring Support Agreement, the Debtors or Reorganized Debtors (as applicable) will pay all fees, expenses and disbursements of (a) the DIP Facility Agent, (b) the DIP Facility Lenders, and (c) the Backstop Parties in each case, that have

accrued and are unpaid as of the Effective Date and are required to be paid under or pursuant to the applicable DIP Facility Order, order entered by the Bankruptcy Court approving the Backstop Agreement, or the Restructuring Support Agreement. All payments of fees, expenses, or disbursements pursuant to this section will be subject in all respects to the terms of the applicable DIP Facility Order, order entered by the Bankruptcy Court approving the Backstop Agreement or the Restructuring Support Agreement.

5. Treatment of Priority Tax Claims

Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a different treatment, on the Effective Date or as soon thereafter as is reasonably practicable, the holder of such Allowed Priority Tax Claim will receive, on account of such Allowed Priority Tax Claim, Cash in an amount equal to the Allowed amount of such Claim; *provided*, that Allowed Priority Tax Claims representing liabilities incurred in the ordinary course of business by the Debtors, as Debtors in Possession, will be paid by the Debtors or the Reorganized Debtors, as applicable, in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any orders or agreements governing, instruments evidencing, or other documents establishing, such liabilities.

B. Classifications of Claims and Interests

1. Classification in General

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation, and distribution under the Prepackaged Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code; *provided*, that a Claim or Interest is placed in a particular Class for the purpose of receiving distributions pursuant to the Prepackaged Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been satisfied, released, or otherwise settled prior to the Effective Date.

2. Formation of Debtor Groups for Convenience Only

The Prepackaged Plan groups the Debtors together solely for the purpose of describing treatment under the Prepackaged Plan, confirmation of the Prepackaged Plan, and making Plan Distributions in respect of Claims against and Interests in the Debtors under the Prepackaged Plan. Such groupings will not affect any Debtor's status as a separate legal entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal entities, or cause the transfer of any Assets; and, except as otherwise provided by or permitted under the Prepackaged Plan, all Debtors will continue to exist as separate legal entities.

3. Summary of Classification of Claims and Interests

The following table designates the Classes of Claims against and Interests in the Debtors and specifies which Classes are: (i) Impaired and Unimpaired under the Prepackaged Plan; (ii) entitled to vote to accept or reject the Prepackaged Plan in accordance with section 1126 of the Bankruptcy Code; and (iii) deemed to accept or reject the Prepackaged Plan:

Class	Type of Claim or Interest	Impairment	Entitled to Vote
Class 1	Priority Non-Tax Claims	Unimpaired	No (Deemed to accept)
Class 2	Other Secured Claims	Unimpaired	No (Deemed to accept)

Class	Type of Claim or Interest	Impairment	Entitled to Vote
Class 3	ABL Facility Claims	Unimpaired	No (Deemed to accept)
Class 4	Term Loan Claims	Impaired	Yes
Class 5	Unsecured Notes Claims	Impaired	Yes
Class 6	General Unsecured Claims	Unimpaired	No (Deemed to accept)
Class 7	Intercompany Claims	Unimpaired	No (Deemed to accept)
Class 8	Subordinated Claims	Impaired	No (Deemed to reject)
Class 9	Existing Equity Interests	Impaired	No (Deemed to reject)
Class 10	Intercompany Interests	Unimpaired	No (Deemed to accept)

4. Separate Classification of Other Secured Claims

Although all Other Secured Claims have been placed in one Class for purposes of nomenclature within the Prepackaged Plan, each Other Secured Claim, to the extent secured by a Lien on Collateral different from the Collateral securing a different Other Secured Claim, will be treated as being in a separate sub-Class for the purposes of voting to accept or reject the Prepackaged Plan and receiving Plan Distributions.

5. Elimination of Vacant Classes

Any Class that, as of the commencement of the Confirmation Hearing, does not have at least one holder of a Claim or Interest that is Allowed in an amount greater than zero for voting purposes will be considered vacant, deemed eliminated from the Prepackaged Plan for purposes of voting to accept or reject the Prepackaged Plan, and disregarded for purposes of determining whether the Prepackaged Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to such Class.

6. Voting; Presumptions; Solicitation

(a) Acceptance by Certain Impaired Classes. Only holders of Allowed Claims in Classes 4 and 5 are entitled to vote to accept or reject the Prepackaged Plan. An Impaired Class of Claims will have accepted the Prepackaged Plan if (i) the holders of at least two-thirds (2/3) in amount of the Allowed Claims actually voting in such Class have voted to accept the Prepackaged Plan and (ii) the holders of more than one-half (1/2) in number of the Allowed Claims actually voting in such Class have voted to accept the Prepackaged Plan. Holders of Claims in Classes 4 and 5 will receive ballots containing detailed voting instructions.

(b) Deemed Acceptance by Unimpaired Classes. Holders of Claims and Interests in Classes 1, 2, 3, 6, 7, and 10 are conclusively deemed to have accepted the Prepackaged Plan pursuant to section 1126(f) of the Bankruptcy Code. Accordingly, such holders are not entitled to vote to accept or reject the Prepackaged Plan.

(c) Deemed Rejection by Certain Impaired Classes. Holders of Claims and Interests in Classes 8 and 9 are deemed to have rejected the Prepackaged Plan pursuant to section 1126(g)

of the Bankruptcy Code. Accordingly, such holders are not entitled to vote to accept or reject the Prepackaged Plan.

7. Cramdown

If any Class of Claims is deemed to reject the Prepackaged Plan or is entitled to vote on the Prepackaged Plan and does not vote to accept the Prepackaged Plan, the Debtors may (i) seek confirmation of the Prepackaged Plan under section 1129(b) of the Bankruptcy Code or (ii) amend or modify the Prepackaged Plan in accordance with the terms hereof and the Bankruptcy Code. If a controversy arises as to whether any Claims or Interests, any class of Claims or Interests, are impaired, the Bankruptcy Court will, after notice and a hearing, determine such controversy on or before the Confirmation Date.

8. No Waiver

Nothing contained in the Prepackaged Plan will be construed to waive a Debtor's or other entity's right to object on any basis to any Claim.

C. Treatment of Claims and Interests

1. Class 1: Priority Non-Tax Claims

The legal, equitable, and contractual rights of the holders of Allowed Priority Non-Tax Claims are unaltered by the Prepackaged Plan. Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to different treatment, on the later of the Effective Date and the date that is ten (10) Business Days after the date such Priority Non-Tax Claim becomes an Allowed Claim, or as soon thereafter as is reasonably practicable, each holder of an Allowed Priority Non-Tax Claim will receive, on account of such Allowed Claim, at the option of the Reorganized Debtors: (i) Cash in an amount equal to the Allowed amount of such Claim or (ii) other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.

2. Class 2: Other Secured Claims

The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims are unaltered by the Prepackaged Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the later of the Effective Date and the date that is ten (10) Business Days after the date such Other Secured Claim becomes an Allowed Claim, or as soon thereafter as is reasonably practicable, each holder of an Allowed Other Secured Claim will receive, on account of such Allowed Claim, at the option of the Reorganized Debtors: (i) Cash in an amount equal to the Allowed amount of such Claim, (ii) reinstatement or such other treatment sufficient to render such holder's Allowed Other Secured Claim Unimpaired pursuant to section 1124 of the Bankruptcy Code, or (iii) return of the applicable Collateral in satisfaction of the Allowed amount of such Other Secured Claim.

3. Class 3: ABL Facility Claims.

On the Effective Date, on account of its Allowed ABL Facility Claim, each holder of an Allowed ABL Facility Claim will receive, in full and final satisfaction of its Allowed ABL Facility Claim, (i) payment in full of its Claim and termination of all letters of credit issued under the ABL Credit Agreement, (ii) its Pro Rata share of the Amended and Restated ABL Facility (if each of the ABL Lenders consents to enter into the Amended and Restated ABL Facility), or (iii) such other consideration satisfactory to each holder of an Allowed ABL Facility Claim.

4. Class 4: Term Loan Claims

On the Effective Date, (i) each holder of an Allowed Term Loan Claim will receive on account of the principal amount outstanding on such Claim, its Pro Rata share of the principal amount of the Amended and Restated Term Loan Facility subject to the terms set forth in the Amended and Restated Term Loan Agreement and (ii) amounts due as of the Effective Date to each holder of an Allowed Term Loan Claim on account of accrued and unpaid interest will be deemed to be accrued and unpaid interest under the Amended and Restated Term Loan Agreement payable on the first interest payment date thereunder, and (iii) amounts due as of the Effective Date to each holder of an Allowed Term Loan Claim on account of fees, charges, or other amounts payable under the Term Loan Agreement will be paid in Cash in full on the Effective Date, which, for the avoidance of doubt, will not include payment of any Make-Whole Amount or the Applicable Premium (as such terms are defined in the Term Loan Agreement).

The Amended and Restated Term Loan Agreement will be dated as of the Effective Date, and entered into by and among Reorganized Basic Parent, the other Reorganized Debtors, the Term Loan Agent, and the holders of the Term Loan Claims. The form of the Amended and Restated Term Loan Agreement will be contained in the Plan Supplement. The Amended and Restated Term Loan Agreement will contain the same representations, warranties, affirmative covenants, negative covenants and events of default contained in the Term Loan Agreement, except that the Amended and Restated Term Loan Agreement will include:

(a) a minimum liquidity covenant level of $25 million;

(b) amended definitions of "Availability", "Liquidity" and "Maximum Capital Payment Amount" that will be amended by replacing such definitions in the Term Loan Agreement in their entirety with the following:

""**Availability**" means, at any time, the amount available to be drawn under the ABL Credit Agreement at such time; provided that any amount available to be drawn under a Non-Conforming ABL Credit Agreement shall not be included in Availability to the extent in excess of the amount that would be available to be drawn under a Conforming ABL Credit Agreement."

""**Liquidity**" means, as of any date of determination, the sum of (i) all unrestricted cash balances and Cash Equivalents of Borrower and its consolidated Subsidiaries as of such date and (ii) Availability; provided that (i) 100% of all equity proceeds, including proceeds received by the Debtors in connection with the Rights Offering shall be included in Liquidity and (ii) the proceeds of any indebtedness under a Non-Conforming ABL Credit Agreement (including for the avoidance of doubt any such indebtedness resulting from a refinancing of the existing ABL Credit Agreement that constitutes a Non-Conforming ABL Credit Agreement) shall be excluded to the extent such proceeds are attributable to amounts available to be drawn under such Non-Conforming ABL Credit Agreement that are in excess of the amount that would be available to be drawn under a Conforming ABL Credit Agreement."

""**Maximum Capital Payment Amoun**t" means, for each fiscal quarter, an aggregate amount equal to (i) if Liquidity as of the last day of the preceding fiscal quarter is greater than $50,000,000, $25,000,000 plus the Roll Forward Increase, and (ii) if Liquidity as of the last day of the preceding fiscal quarter is less than or equal to $50,000,000, $20,000,000; provided, that amounts set forth in clauses (i) and (ii) above may be increased by the Required Lenders in their sole discretion upon written request by the Borrower, which request shall include revenue and margin projections for new equipment, if any; provided, however, for the period of time beginning with and including the Closing Date and ending with and including December 31, 2016, the Maximum Capital Payment Amount shall be

equal to (i) $25,000,000 multiplied by (ii) (x) the number of days from and including the Closing Date through and including December 31, 2016 divided by (y) 90.";

(c) new definitions of "**Capital Payment Credit**", "Conforming ABL Credit Agreement", "Non-Conforming ABL Credit Agreement" and "Roll Forward Increase" will be included in the Term Loan Agreement as follows:

""**Capital Payment Credit**" means, with respect to any fiscal quarter, the lesser of (i) $15,000,000 and (ii) the amount equal to the excess, if any, of the Maximum Capital Payment Amount during such fiscal quarter over the aggregate amount of Capital Expenditures actually made and Capital Lease payments actually paid during such fiscal quarter."

""**Conforming ABL Credit Agreement**" means an ABL Credit Agreement that is not a Non-Conforming ABL Credit Agreement."

""**Non-Conforming ABL Credit Agreement**" means an ABL Credit Agreement that (i) contains a borrowing base that includes (A) an advance rate of higher than 85% for eligible accounts receivable or (B) any other type of assets of the Borrower or any of its subsidiaries that are not included in the Borrowing Base (as defined in the ABL Credit Agreement, without giving effect to any amendments, modifications or other changes to such definition from time to time), or (ii) does not contain a borrowing base.";

""**Roll Forward Increase**" means, as of the first day of any fiscal quarter, an amount equal to the sum of the Capital Payment Credit, if any, that accrued during each of the three immediately preceding fiscal quarters, regardless of whether Liquidity did not exceed $50,000,000 at any time during such fiscal quarters.";

(d) a new clause (f) in Section 6.01 that will provide "(f) as soon as available, but in any event not later than 30 days after the end of each calendar month, a report prepared by management of the Borrower indicating in reasonable detail all Capital Expenditures and Capital Lease payments made during such calendar month.";

(e) an amended clause (f) in Section 7.02 that will be amended by replacing in subclause (i) "$50,000,000" with "$90,000,000";

(f) an amended Section 7.12 that will be amended by replacing Section 7.12 in the Term Loan Agreement in its entirety with the following:

"Make or become legally obligated to make (without duplication) any Capital Expenditure or make or become legally obligated to make any payment in respect of a Capitalized Lease, except for Capital Expenditures and Capitalized Lease payments in the ordinary course of business not exceeding the Maximum Capital Payment Amount in any fiscal quarter (or, in the case of the fiscal quarter ending December 31, 2016, for the period beginning with and including the Closing Date and ending with and including December 31, 2016); provided that, as of the date of any such Capital Expenditure or Capitalized Lease payment (and giving pro forma effect to such Capital Expenditure or Capitalized Lease payment and any concurrent incurrence of Indebtedness) no Default exists and such Capital Expenditure or Capitalized Lease payment could not reasonably be expected to cause a Default; provided further that Capital Expenditures and Capitalized Lease payments in excess of the applicable Maximum Capital Payment Amount shall be permitted if (a) the pro forma Consolidated Fixed Charge Coverage Ratio as of the end of the most recent Measurement Period for which financial statements of the

Borrower are available is at least 1.2:1.0 and (b) Consolidated EBITDA for such Measurement Period is not less than $200,000,000.";

(g) modifications acceptable to the Term Loan Lenders in their sole discretion to remove the 2019 Notes and the 2022 Notes and to permit the New Convertible Notes, the Amended and Restated ABL Credit Agreement and the other transactions contemplated by the Prepackaged Plan; and

(h) such other modifications as will be agreed by the Reorganized Debtor Parent, the Term Loan Agent and the Term Loan Lenders in their sole discretion and acceptable to the Requisite Noteholders (as such term is defined in the Restructuring Support Agreement) in their reasonable discretion.

The Term Loan Claims will be deemed Allowed on the Effective Date in the aggregate principal amount of $164.175 million, plus any accrued and unpaid interest thereon payable through the Effective Date, plus any fees, charges, and other amounts payable under the Term Loan Agreement.

5. Class 5: Unsecured Notes Claims

On the Effective Date, all of the Unsecured Notes will be cancelled and discharged. Each holder of an Allowed Unsecured Notes Claim will receive, on account of its Allowed Unsecured Notes Claims, its Pro Rata share of (i) New Common Shares representing, in the aggregate, 99.5% of the New Common Shares issued on the Effective Date (subject to dilution by the New Common Shares issued upon conversion of the New Convertible Notes, the Management Incentive Plan, and the New Common Shares issued upon exercise of the Warrants) and (ii) 100% of the Subscription Rights to acquire $125 million in New Convertible Notes in accordance with the Rights Offering Procedures. Upon conversion of the New Convertible Notes (assuming such conversion occurs 36 months after the Effective Date), the New Common Shares issued to holders of Unsecured Notes Claims under (i) will comprise 51.22% of the total outstanding New Common Shares (subject to dilution by the Management Incentive Plan and the New Common Shares issued upon exercise of the Warrants).

The Unsecured Notes Claims will be deemed Allowed on the Effective Date in the aggregate principal amount of $775 million, plus any accrued and unpaid interest thereon payable through the Petition Date.

The New Convertible Notes will be 9% PIK interest unsecured Notes due 2019, issued pursuant to the New Convertible Notes Indenture, in the aggregate principal amount as of the Effective Date of $131.25 million (including the Backstop Put Premium), which are convertible to New Common Shares upon the earliest of: (i) 36 months following the Effective Date; (ii) if, on any date (the "***Conversion Trigger Date***") following the Effective Date, the closing price per New Common Share during each of the preceding consecutive 30 trading days has been greater than or equal to 150% of the Plan Value, the later of the Conversion Trigger Date and the second anniversary of the Effective Date; (iii) the election to effect the conversion by a vote of the holders of a majority of the New Convertible Notes; and which upon such conversion (assuming such conversion occurs 36 months after the Effective Date) will comprise 48.52% of the total New Common Shares outstanding (subject to dilution by the Management Incentive Plan and the New Common Shares issued upon exercise of the Warrants). The number of New Common Shares issued upon conversion of the New Convertible Notes will be obtained by dividing (x) the sum of the aggregate principal amount of the New Convertible Notes and accrued PIK interest on the date of conversion by (y) an amount equal to 80% of the Plan Value.

The New Convertible Notes will be issued pursuant to an Indenture, dated as of the Effective Date, by and among Reorganized Basic Parent as issuer, and the New Convertible Notes Indenture Trustee, including all agreements, notes, instruments, and any other documents delivered pursuant thereto or in connection

therewith (in each case, as amended, modified, or supplemented from time to time) which will be filed with the Plan Supplement, subject to the consent rights set forth in the Restructuring Support Agreement and as may be modified consistent with the Restructuring Support Agreement. The Indenture will contain (i) no events of default, other than breach of covenants and bankruptcy and insolvency events of default, and (ii) customary covenants, including a negative pledge and anti-layering provisions.

6. Class 6: General Unsecured Claims

The legal, equitable, and contractual rights of the holders of General Unsecured Claims are unaltered by the Prepackaged Plan. Except to the extent that a holder of a General Unsecured Claim agrees to different treatment, on and after the Effective Date, the Debtors will continue to pay or dispute each General Unsecured Claim in the ordinary course of business as if the Chapter 11 Cases had never been commenced.

7. Class 7: Intercompany Claims

On or after the Effective Date, all Intercompany Claims will be paid, adjusted, continued, settled, reinstated, discharged, or eliminated, in each case to the extent determined to be appropriate by the Debtors or Reorganized Debtors, as applicable, in their sole discretion. All Intercompany Claims between any Debtor and a non-Debtor affiliate will be Unimpaired under the Prepackaged Plan.

8. Class 8: Subordinated Claims

Subordinated Claims are subordinated pursuant to the Prepackaged Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims will not receive or retain any property under the Prepackaged Plan on account of such Claims, and the obligations of the Debtors and the Reorganized Debtors on account of Subordinated Claims will be discharged.

9. Class 9: Existing Equity Interests

On the Effective Date, the Existing Equity Interests will be cancelled without further action by or order of the Bankruptcy Court. Notwithstanding the foregoing, each holder of an Allowed Existing Equity Interest will receive its Pro Rata share of (i) New Common Shares representing, in the aggregate, 0.5% of the New Common Shares issued on the Effective Date (subject to dilution by the New Common Shares issued upon conversion of the New Convertible Notes, the Management Incentive Plan, and the New Common Shares issued upon exercise of the Warrants) and (ii) the Warrants. Upon conversion of the New Convertible Notes (assuming such conversion occurs 36 months after the Effective Date), the New Common Shares issued to Allowed Existing Equity Interests will comprise 0.26% of the total outstanding New Common Shares (subject to dilution by the Management Incentive Plan and the New Common Shares issued upon exercise of the Warrants).

The Warrants received by each holder of an Allowed Existing Equity Interest will be for the right to purchase, for a period of seven (7) years, on a pro rata basis, 6% of the total outstanding New Common Shares (after giving effect to the conversion of the New Convertible Notes) at a per share price based upon a total equity value of $1.789 billion of Reorganized Basic Parent and as more fully set forth in the Warrant Agreement.

10. Class 10: Intercompany Interests

On the Effective Date, all Intercompany Interests will be treated as set forth in section 5.15 the Prepackaged Plan (as described in Section VI.D.15 herein).

11. Debtors' Rights in Respect of Unimpaired Claims

Except as otherwise provided in the Prepackaged Plan, nothing under the Prepackaged Plan will affect the rights of the Reorganized Debtors in respect of any Unimpaired Claim, including, without limitation, all rights in respect of legal and equitable defenses to, or setoffs or recoupments against, any such Unimpaired Claim.

12. Treatment of Vacant Classes

Any Claim or Interest in a Class that is considered vacant under section 3.5 of the Prepackaged Plan will receive no Plan Distribution.

D. Means for Implementation

1. Continued Corporate Existence

(a) Except as otherwise provided in the Prepackaged Plan, the Debtors will continue to exist after the Effective Date as Reorganized Debtors in accordance with the applicable laws of the respective jurisdictions in which they are incorporated or organized and pursuant to the New Shareholders Agreement, the Amended Certificates of Incorporation, and the Amended By-Laws. On or after the Effective Date, without prejudice to the rights of any party to a contract or other agreement with any Reorganized Debtor, each Reorganized Debtor may, in its sole discretion, take such action as permitted by applicable law and such Reorganized Debtor's organizational documents, as such Reorganized Debtor may determine is reasonable and appropriate, including, without limitation, causing: (i) a Reorganized Debtor to be merged into another Reorganized Debtor or an affiliate of a Reorganized Debtor; (ii) a Reorganized Debtor to be dissolved; (iii) the legal name of a Reorganized Debtor to be changed; or (iv) the closure of a Reorganized Debtor's Chapter 11 Case on the Effective Date or any time thereafter.

(b) On the Effective Date or as soon thereafter as is reasonably practicable, the Reorganized Debtors may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, or necessary or appropriate to effectuate the Prepackaged Plan, including, without limitation: (i) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, or liquidation containing terms that are consistent with the terms of the Prepackaged Plan and the Plan Documents and that satisfy the requirements of applicable law and any other terms to which the applicable entities may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Prepackaged Plan and having other terms to which the applicable parties agree; (iii) the filing of appropriate certificates or articles of incorporation and amendments thereto, reincorporation, merger, consolidation, conversion, or dissolution pursuant to applicable law; (iv) the Restructuring Transactions; and (v) all other actions that the applicable entities determine to be necessary or appropriate, including, without limitation, making filings or recordings that may be required by applicable law.

2. Plan Funding

Plan Distributions of Cash will be funded from the Debtors' Cash on hand as of the applicable date of such Plan Distribution and from the proceeds of the Rights Offering.

3. Cancellation of Existing Securities and Agreements

Except for the purpose of evidencing a right to a distribution under the Prepackaged Plan and except as otherwise set forth in the Prepackaged Plan, on the Effective Date, all agreements, instruments, and other documents evidencing any prepetition Claim or Interest (other than certain Intercompany Interests that are not modified by the Prepackaged Plan) and any rights of any holder in respect thereof will be deemed cancelled, discharged, and of no force or effect; *provided*, that this sentence will not apply to the DIP Facility Loan Agreement. The holders of or parties to such cancelled instruments, Securities, and other documentation will have no rights arising from or related to such instruments, Securities, or other documentation or the cancellation thereof, except the rights provided for pursuant to the Prepackaged Plan. Notwithstanding such cancellation and discharge, each of the 2019 Notes Indenture, the 2022 Notes Indenture, the Term Loan Agreement, and the ABL Credit Agreement will continue in effect to the extent necessary to: (1) allow holders of Claims under such agreements to receive Plan Distributions; (2) allow the Reorganized Debtors, the 2019 Notes Trustee, the 2022 Notes Trustee, the Term Loan Agent, and the ABL Facility Agent to make distributions pursuant to the Prepackaged Plan on account of the 2019 Claims, the 2022 Notes Claims, the Term Loan Claims, and the ABL Facility Claims, as applicable, and deduct therefrom such reasonable compensation, fees, and expenses (a) due to the 2019 Notes Trustee, the 2022 Notes Trustee, the Term Loan Agent, the ABL Facility Agent under the 2019 Notes Indenture, the 2022 Notes Indenture, the Term Loan Agreement, or the ABL Credit Agreement, as applicable, or (b) incurred by the 2019 Notes Trustee, the 2022 Notes Trustee, the Term Loan Agent, or the ABL Facility Agent in making such distributions pursuant to the Prepackaged Plan; and (3) allow the 2019 Notes Trustee, the 2022 Notes Trustee, the Term Loan Agent, and the ABL Facility Agent to seek compensation and/or reimbursement of fees and expenses in accordance with the Plan. Except as provided pursuant to the Prepackaged Plan, each of the 2019 Notes Trustee, the 2022 Notes Trustee, the Term Loan Agent, the ABL Facility Agent, and their respective agents, successors, and assigns will be discharged of all of their obligations associated with the 2019 Notes Indenture, the 2022 Notes Indenture, the Term Loan Agreement, and the ABL Credit Agreement, respectively. The commitments and obligations (if any) of the Term Loan Lenders to extend any further or future credit or financial accommodations to any of the Debtors, any of their respective subsidiaries or any of their respective successors or assigns under the Term Loan Agreement will fully terminate and be of no further force or effect on the Effective Date.

4. Cancellation of Certain Existing Security Interests

Upon the full payment or other satisfaction of an Allowed Other Secured Claim, or promptly thereafter, the holder of such Allowed Other Secured Claim will deliver to the Debtors or Reorganized Debtors, as applicable, any Collateral or other property of a Debtor held by such holder, together with any termination statements, instruments of satisfaction, or releases of all security interests with respect to its Allowed Other Secured Claim that may be reasonably required to terminate any related financing statements, mortgages, mechanics' or other statutory liens, or lis pendens, or similar interests or documents.

5. Officers and Boards of Directors

(a) On the Effective Date, the board of directors of each of the Reorganized Debtors will consist of five members. For each Reorganized Debtor, Ascribe Capital LLC will designate one (1) member, Silver Point Capital, L.P. will designate one (1) member, the Ad Hoc Group will designate two (2) members and the remaining director will be the Chief Executive Officer of Reorganized Basic Parent. The composition of the boards of directors of each Reorganized Debtor will be disclosed prior to the entry of the Confirmation Order. The nomination of the Chairperson of the New Board will be satisfactory to the Ad Hoc Group in its sole discretion in good faith consultation with the Chief Executive Officer of Reorganized Basic Parent.

(b) Except to the extent that a member of the board of directors of a Debtor continues to serve as a director of such Reorganized Debtor on the Effective Date, the members of the board of directors of each Debtor prior to the Effective Date, in their capacities as such, will have no continuing obligations to the Reorganized Debtors on or after the Effective Date and each such director will be deemed to have resigned or will otherwise cease to be a director of the applicable Debtor on the Effective Date. Commencing on the Effective Date, each of the directors of each of the Reorganized Debtors will serve pursuant to the terms of the applicable organizational documents of such Reorganized Debtor and may be replaced or removed in accordance with such organizational documents.

6. Management Incentive Plan

On the Effective Date, the New Board will adopt the Management Incentive Plan, which will be consistent with the terms set forth in Exhibit G to the Restructuring Support Agreement. All awards issued under the Management Incentive Plan will be dilutive of all other New Common Shares issued pursuant to the Prepackaged Plan.

7. New Shareholders Agreement

On the Effective Date, Reorganized Basic Parent and all of the holders of New Common Shares then outstanding (other than New Common Shares received pursuant to the Management Incentive Plan) will be deemed to be parties to the New Shareholders Agreement, substantially in the form contained in the Plan Supplement, without the need for execution by any such holder other than Reorganized Basic Parent. The New Shareholders Agreement will be binding on Reorganized Basic Parent and all parties receiving, and all holders of, New Common Shares of Reorganized Basic Parent; *provided*, that regardless of whether such parties execute the New Shareholders Agreement, such parties will be deemed to have signed the New Shareholders Agreement, which will be as binding on such parties as if they had actually signed it.

8. Authorization, Issuance, and Delivery of New Common Shares

(a) On the Effective Date, Reorganized Basic Parent is authorized to issue or cause to be issued and will issue the New Common Shares for distribution in accordance with the terms of the Prepackaged Plan and the New Shareholders Agreement without the need for any further corporate or shareholder action.

(b) As of the Effective Date, Reorganized Basic Parent anticipates that it will continue to be a reporting company under the Exchange Act, 15 U.S.C. §§ 78(a) -78(pp). Reorganized Basic Parent will use its reasonable best efforts to have the New Common Shares listed on a nationally recognized exchange as soon as practicable subject to meeting applicable listing requirements following the Effective Date.

(c) On the Effective Date, Reorganized Basic Parent is authorized to issue, or cause to be issued, and will issue the Warrants for distribution in accordance with the terms of the Prepackaged Plan and the Warrant Agreement without the need for any further corporate or shareholder action. All of the Warrants issued pursuant to the Prepackaged Plan will be duly authorized and validly issued.

9. Amended and Restated ABL Credit Agreement

On the Effective Date, the Reorganized Debtors will enter into the Amended and Restated ABL Credit Agreement substantially in the form contained in the Plan Supplement.

10. Amended and Restated Term Loan Agreement

On the Effective Date, the Reorganized Debtors will enter into the Amended and Restated Term Loan Agreement in the form contained in the Plan Supplement, which will be acceptable in form and substance to the Term Loan Lenders.

All Liens and security interests granted pursuant to the Amended and Restated Term Loan Agreement are intended to be (a) valid, binding, perfected, enforceable, Liens and security interests in the personal and real property described in and subject to such documents, with the priorities established in respect thereof under applicable non-bankruptcy law and (b) not subject to avoidance, recharacterization or subordination under any applicable law.

11. New Intercreditor Agreement

On the Effective Date, the parties to the Amended and Restated ABL Credit Agreement and the Amended and Restated Term Loan Agreement will enter or be deemed to have entered into the New Intercreditor Agreement substantially in the form contained in the Plan Supplement.

12. New Convertible Notes; New Convertible Notes Indenture

On the Effective Date, the Reorganized Basic Parent and the New Convertible Notes Indenture Trustee will enter into the New Convertible Notes Indenture substantially in the form contained in the Prepackaged Plan Supplement. For U.S. federal income tax purposes, and subject to definitive guidance from the Internal Revenue Service or a court of competent jurisdiction to the contrary, all parties will treat the New Convertible Notes as stock (that is not preferred stock for purposes of Section 305 of the Tax Code).

13. Rights Offering.

(a) Terms. Following approval by the Bankruptcy Court of the Rights Offering Procedures, the Debtors will commence the Rights Offering in accordance therewith. On the Effective Date, the Debtors will consummate the Rights Offering. The Rights Offering will be fully backstopped by the Backstop Parties in accordance with and subject to the terms and conditions of the Backstop Agreement. The right to participate in the Rights Offering may not be sold, transferred, or assigned.

(b) Purpose. On the Effective Date, the proceeds of the sale of the New Convertible Notes will be used: (i) to provide the Reorganized Debtors with additional liquidity for working capital and general corporate purposes; (ii) to fund Allowed Administrative Expense Claims payable on or after the Effective Date; (iii) to pay in Cash in full the DIP Facility Claims; and (iv) to fund Plan Distributions.

(c) Backstop Commitment. In accordance with the Backstop Agreement and subject to the terms and conditions thereof, each of the Backstop Parties has agreed, severally but not jointly, to purchase, on or prior to the Effective Date, its respective Investor Percentage (as defined in the Backstop Agreement) of the Unsubscribed Notes (as defined in the Backstop Agreement).

(d) Backstop Put Premium. In exchange for providing the backstop commitment for the Rights Offering, the Backstop Parties will receive the Backstop Put Premium. Upon the Effective Date, the Backstop Put Premium will be immediately and automatically deemed earned and payable.

14. Registration Rights

On the Effective Date, the Registration Rights Parties will enter into the Registration Rights Agreement acceptable to (i) each Backstop Party, (ii) the Required Restructuring Support Parties and (iii) the Debtors or Reorganized Debtors. The Registration Rights Agreement will provide the Registration Rights Parties with certain demand registration rights and with piggyback registration rights. The Registration Rights Agreement will also provide that on or before the date that is the later of (i) 90 days after the Effective Date, or (ii) 30 days after Reorganized Basic Parent files its Annual Report on Form 10-K for the fiscal year ended December 31, 2016, Reorganized Debtor will file, and will thereafter use its reasonable best efforts to cause to be declared effective as promptly as practicable, a registration statement on Form S-1 (or other appropriate form) for the offer and resale of the New Common Shares and New Convertible Notes held by the Registration Rights Parties. The Registration Rights Agreement will contain customary terms and conditions, including, without limitation, provisions with respect to blackout periods

15. Intercompany Interests; Corporate Reorganization.

On the Effective Date and without the need for any further corporate action or approval of any board of directors, management, or shareholders of any Debtor or Reorganized Debtor, as applicable, the certificates and all other documents representing the Intercompany Interests will be deemed to be in full force and effect.

16. Restructuring Transactions

On the Effective Date or as soon as reasonably practicable thereafter, the Debtors or Reorganized Debtors, as applicable, may take all actions consistent with the Prepackaged Plan and the Restructuring Support Agreement as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Restructuring Transactions under and in connection with the Prepackaged Plan.

17. Separability

Notwithstanding the combination of separate plans of reorganization for the Debtors set forth in the Prepackaged Plan for purposes of economy and efficiency, the Prepackaged Plan constitutes a separate chapter 11 plan for each Debtor. Accordingly, if the Bankruptcy Court does not confirm the Prepackaged Plan with respect to one or more Debtors, it may still confirm the Prepackaged Plan with respect to any other Debtor that satisfies the confirmation requirements of section 1129 of the Bankruptcy Code with the consent of the Required Restructuring Support Parties, which consent will not be unreasonably withheld.

E. Distributions

1. Distributions Generally

The Disbursing Agent will make all Plan Distributions to the appropriate holders of Allowed Claims and Allowed Interests in accordance with the terms of the Prepackaged Plan.

2. No Postpetition Interest on Claims

Except for the ABL Facility Claims and the Term Loan Facility Claims, and unless otherwise specifically provided for in the Prepackaged Plan, the Confirmation Order, or another Final Order of the Bankruptcy Court or required by the Bankruptcy Code, postpetition interest will not accrue or be paid on any Claims, and no holder of a Claim will be entitled to interest accruing on such Claim on or after the Petition Date.

3. Date of Distributions

Unless otherwise provided in the Prepackaged Plan, any distributions and deliveries to be made under the Prepackaged Plan will be made on the Effective Date or as soon thereafter as is practicable.

4. Distribution Record Date

(a) As of the close of business on the Distribution Record Date, the various lists of holders of Claims in each Class, as maintained by the Debtors or their agents, will be deemed closed, and there will be no further changes in the record holders of any Claims after the Distribution Record Date. Neither the Debtors nor the Disbursing Agent will have any obligation to recognize any transfer of a Claim occurring after the close of business on the Distribution Record Date. In addition, with respect to payment of any Cure Amounts or disputes over any Cure Amounts, neither the Debtors nor the Disbursing Agent will have any obligation to recognize or deal with any party other than the non-Debtor party to the applicable executory contract or unexpired lease, even if such non-Debtor party has sold, assigned, or otherwise transferred its Claim for a Cure Amount.

(b) Notwithstanding anything in the Prepackaged Plan to the contrary, in connection with any distribution under the Prepackaged Plan to be effected through the facilities of DTC (whether by means of book-entry exchange, free delivery, or otherwise), the Debtors and the Reorganized Debtors, as applicable, will be entitled to recognize and deal for all purposes under the Prepackaged Plan with holders of New Common Shares and New Convertible Notes to the extent consistent with the customary practices of DTC used in connection with such distributions. All New Common Shares and all New Convertible Notes to be distributed under the Prepackaged Plan will be issued in the names of such holders or their nominees in accordance with DTC's book-entry exchange procedures; *provided*, that such New Common Shares and New Convertible Notes are permitted to be held through DTC's book-entry system; and *provided*, *further*, that to the extent the New Common Shares or the New Convertible Notes are not eligible for distribution in accordance with DTC's customary practices, Reorganized Basic Parent will take all such reasonable actions as may be required to cause distributions of the New Common Shares and the New Convertible Notes under the Prepackaged Plan. The New Convertible Notes will not be certificated.

5. Disbursing Agent

All distributions under the Prepackaged Plan will be made by the Disbursing Agent on and after the Effective Date as provided herein. The Disbursing Agent will not be required to give any bond or surety or other security for the performance of its duties. The Reorganized Debtors will use all reasonable best efforts to provide the Disbursing Agent (if other than the Reorganized Debtors) with the amounts of Claims and the identities and addresses of holders of Claims, in each case, as set forth in the Debtors' or Reorganized Debtors' books and records. The Reorganized Debtors will cooperate in good faith with the applicable Disbursing Agent (if other than the Reorganized Debtors) to comply with the reporting and withholding requirements outlined in section 6.16 of the Prepackaged Plan.

6. Delivery of Distributions

Subject to section 6.4(b) of the Prepackaged Plan, the Disbursing Agent will issue or cause to be issued, the applicable consideration under the Prepackaged Plan and, subject to Bankruptcy Rule 9010, will make all distributions to any holder of an Allowed Claim as and when required by the Prepackaged Plan at: (a) the address of such holder on the books and records of the Debtors or their agents; or (b) at the address in any written notice of address change delivered to the Debtors or the Disbursing Agent, including any addresses included on any transfers of Claim filed pursuant to Bankruptcy Rule 3001. In the event that

any distribution to any holder is returned as undeliverable, no distribution or payment to such holder will be made unless and until the Disbursing Agent has been notified of the then-current address of such holder, at which time or as soon thereafter as reasonably practicable such distribution will be made to such holder without interest.

7. Unclaimed Property

One year from the later of: (i) the Effective Date and (ii) the date that is ten (10) Business Days after the date a Claim is first Allowed, all distributions payable on account of such Claim will be deemed unclaimed property under section 374(b) of the Bankruptcy Code and will revert to the Reorganized Debtors or their successors or assigns, and all claims of any other Person (including the holder of a Claim in the same Class) to such distribution will be discharged and forever barred. The Reorganized Debtors and the Disbursing Agent will have no obligation to attempt to locate any holder of an Allowed Claim other than by reviewing the Debtors' books and records and the Bankruptcy Court's filings.

8. Satisfaction of Claims

Unless otherwise provided herein, any distributions and deliveries to be made on account of Allowed Claims under the Prepackaged Plan will be in complete and final satisfaction, settlement, and discharge of and exchange for such Allowed Claims.

9. Manner of Payment under Plan

Except as specifically provided herein, at the option of the Debtors or the Reorganized Debtors, as applicable, any Cash payment to be made under the Prepackaged Plan may be made by a check or wire transfer or as otherwise required or provided in applicable agreements or customary practices of the Debtors.

10. Fractional Shares, Warrants, and De Minimis Cash Distributions

No fractional New Common Shares or Warrants will be distributed. When any distribution would otherwise result in the issuance of a number of New Common Shares or Warrants that is not a whole number, the New Common Shares and Warrants subject to such distribution will be rounded to the next higher or lower whole number as follows: (i) fractions equal to or greater than 1/2 will be rounded to the next higher whole number, and (ii) fractions less than 1/2 will be rounded to the next lower whole number. The total number of New Common Shares and Warrants to be distributed on account of Allowed Claims and Existing Equity Interests will be adjusted as necessary to account for the rounding provided for herein. No consideration will be provided in lieu of fractional shares that are rounded down. Neither the Reorganized Debtors nor the Disbursing Agent will have any obligation to make a distribution that is less than one (1) New Common Share, one (1) Warrant, or $50.00 in Cash. Fractional New Common Shares and Warrants that are not distributed in accordance with this section will be returned to, and ownership thereof will vest in, Reorganized Basic Parent.

11. No Distribution in Excess of Amount of Allowed Claim

Notwithstanding anything to the contrary in the Prepackaged Plan, no holder of an Allowed Claim will receive, on account of such Allowed Claim, Plan Distributions in excess of the Allowed amount of such Claim (plus any postpetition interest on such Claim solely to the extent permitted by section 6.2 of the Prepackaged Plan).

12. Allocation of Distributions between Principal and Interest

Except as otherwise provided in the Prepackaged Plan and subject to section 6.2 of the Prepackaged Plan, to the extent that any Allowed Term Loan Claim or Allowed ABL Facility Claim entitled to a distribution under the Prepackaged Plan is comprised of indebtedness and accrued but unpaid interest thereon, such distribution will be allocated first to the principal amount (as determined for federal income tax purposes) of the Claim and then to accrued but unpaid interest.

13. Exemption from Securities Laws

The issuance of and the distribution under the Prepackaged Plan of the New Common Shares, the Warrants (and the New Common Shares issuable upon exercise thereof), the Subscription Rights, and the New Convertible Notes issued pursuant to the Rights Offering (and the New Common Shares issuable upon conversion thereof) will be exempt from registration under the Securities Act and any other applicable securities laws pursuant to section 1145 of the Bankruptcy Code. These Securities may be resold without registration under the Securities Act or other federal securities laws pursuant to the exemption provided by section 4(a)(1) of the Securities Act, unless the holder is an "underwriter" with respect to such Securities, as that term is defined in section 1145(b) of the Bankruptcy Code. In addition, such section 1145 exempt Securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states.

The availability of the exemption under section 1145 of the Bankruptcy Code or any other applicable securities laws will not be a condition to the occurrence of the Effective Date.

The issuance and sale, as applicable, of the New Convertible Notes (and the New Common Shares issuable upon conversion thereof) to the Backstop Parties under the Backstop Agreement is being made in reliance on the exemption from registration set forth in section 4(a)(2) of the Securities Act and Regulation D thereunder. Such Securities will be considered "restricted securities" and may not be transferred except pursuant to an effective registration statement or under an available exemption from the registration requirements of the Securities Act, such as, under certain conditions, the resale provisions of Rule 144 of the Securities Act.

14. Setoffs and Recoupments

Each Reorganized Debtor, or such entity's designee as instructed by such Reorganized Debtor, may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy law, offset or recoup against any Allowed Claim and the distributions to be made pursuant to the Prepackaged Plan on account of such Allowed Claim any and all claims, rights, and Causes of Action that a Reorganized Debtor or its successors may hold against the holder of such Allowed Claim after the Effective Date to the extent such setoff or recoupment is either (1) agreed in amount among the relevant Reorganized Debtor(s) and holder of the Allowed Claim or (2) otherwise adjudicated by the Bankruptcy Court or another court of competent jurisdiction; *provided*, that neither the failure to effect a setoff or recoupment nor the allowance of any Claim hereunder will constitute a waiver or release by a Reorganized Debtor or its successor of any claims, rights, or Causes of Action that a Reorganized Debtor or it successor or assign may possess against such holder.

15. Rights and Powers of Disbursing Agent

(a) Powers of Disbursing Agent. The Disbursing Agent will be empowered to: (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Prepackaged Plan; (ii) make all applicable distributions or payments provided for

under the Prepackaged Plan; (iii) employ professionals to represent it with respect to its responsibilities; and (iv) exercise such other powers (A) as may be vested in the Disbursing Agent by Final Order of the Bankruptcy Court (including any order issued after the Effective Date) or pursuant to the Prepackaged Plan or (B) as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Prepackaged Plan.

(b) Expenses Incurred on or After the Effective Date. Except as otherwise ordered by the Bankruptcy Court and subject to the written agreement of the Reorganized Debtors, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including, without limitation, taxes) and any reasonable compensation and expense reimbursement Claims (including, without limitation, for reasonable attorneys' and other professional fees and expenses) made by the Disbursing Agent will be paid in Cash by the Reorganized Debtors.

16. Withholding and Reporting Requirements

In connection with the Prepackaged Plan and all instruments issued in connection therewith and distributed thereon, the Reorganized Debtors and any other distributing party will comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all Plan Distributions under the Prepackaged Plan will be subject to any such withholding or reporting requirements. In the case of a non-Cash Plan Distribution that is subject to withholding, the distributing party may request a holder of an Allowed Claim or Existing Equity Interest to complete and return a Form W-8 or W-9, as applicable to each such holder. If such Form is requested and not submitted to the distributing party within 10 days of the request, the distributing party may, in its discretion, either (i) withhold an appropriate portion of such distributed property and sell such withheld property to generate Cash necessary to pay over the withholding tax, or (ii) require the intended recipient of such distribution to provide the withholding agent with an amount of Cash sufficient to satisfy such withholding tax as a condition to receiving such distribution. If such Form is requested and submitted to the distributing party within 10 days of the request, the distributing party may withhold an appropriate portion of such distributed property and sell such withheld property to generate Cash necessary to pay over the withholding tax; provided that, the distributing party will first notify the intended recipient of such contemplated sale and offer the intended recipient the opportunity to provide sufficient Cash to satisfy such withholding tax in lieu of such sale. The distributing party will have the right, but not the obligation, not to make a Plan Distribution until its withholding obligation is satisfied pursuant to the preceding sentences. If an intended recipient of a non-Cash Plan Distribution is required to provide or has agreed to provide the withholding agent with the Cash necessary to satisfy the withholding tax pursuant to this section and such person fails to comply before the date that is one year after the request is made, the amount of such Plan Distribution will irrevocably revert to the applicable Reorganized Debtor and any Claim in respect of such Plan Distribution will be discharged and forever barred from assertion against such Reorganized Debtor or its respective property. Any amounts withheld pursuant hereto will be deemed to have been distributed to and received by the applicable recipient for all purposes of the Prepackaged Plan. The distributing party may require a holder of an Allowed Claim or Existing Equity Interest to complete and return a Form W-8 or W-9, as applicable to each such holder.

Notwithstanding the above, each holder of an Allowed Claim or Existing Equity Interest that is to receive a Plan Distribution under the Prepackaged Plan will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such holder by any governmental unit, including income, withholding, and other tax obligations, on account of such Plan Distribution.

17. Hart-Scott-Rodino Antitrust Improvements Act

Any New Common Shares to be distributed under the Prepackaged Plan to an entity required to file a premerger notification and report form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, will not be distributed until the notification and waiting periods applicable under such Act to such entity have expired or been terminated.

F. Procedures for Resolving Claims

1. Disputed Claims Process

Notwithstanding section 502(a) of the Bankruptcy Code, and in light of the Unimpaired status of all General Unsecured Claims under the Prepackaged Plan, and except as otherwise set forth in the Prepackaged Plan, holders of Claims need not file proofs of Claim with the Bankruptcy Court, and the Reorganized Debtors and holders of Claims will determine, adjudicate, and resolve any disputes over the validity and amounts of such Claims in the ordinary course of business as if the Chapter 11 Cases had not been commenced. If a holder of a Claim elects to file a proof of Claim with the Bankruptcy Court, such holder will be deemed to have consented to the jurisdiction of the Bankruptcy Court for all purposes with respect to the Claim, and the Bankruptcy Court will retain nonexclusive jurisdiction over all such Claims, which will be resolved on a case-by-case basis through settlements or Claim objections (or, if necessary, through adversary proceedings) by the Reorganized Debtors and in accordance with litigation schedules to be determined by the applicable parties and the Bankruptcy Court. From and after the Effective Date, the Reorganized Debtors may satisfy, dispute, settle, or otherwise compromise any Claim without approval of the Bankruptcy Court.

2. Estimation of Claims

The Reorganized Debtors may at any time request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Debtors had previously objected to or otherwise disputed such Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim, the amount so estimated will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Reorganized Debtors may pursue supplementary proceedings to object to the allowance of such Claim.

3. Claim Resolution Procedures Cumulative

All of the objection, estimation, and resolution procedures in the Prepackaged Plan are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently settled, compromised, withdrawn, or resolved in accordance with the Prepackaged Plan by any mechanism approved by the Bankruptcy Court.

4. No Distributions Pending Allowance

If an objection, motion to estimate, or other challenge to a Claim is filed, no payment or distribution provided under the Prepackaged Plan will be made on account of such Claim unless and until (and only to the extent that) such Claim becomes an Allowed Claim.

5. Distributions after Allowance

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) will be made to the holder of such Allowed Claim in accordance with the provisions of the Prepackaged Plan. As soon as practicable after the date on which the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent will provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the Prepackaged Plan as of the Effective Date, without any interest to be paid on account of such Claim unless required by the Bankruptcy Code.

G. Executory Contracts and Unexpired Leases

1. General Treatment

As of and subject to the occurrence of the Effective Date and the payment of any applicable Cure Amount, all executory contracts and unexpired leases will be deemed assumed, unless such contract or lease (i) was previously assumed or rejected by the Debtors, pursuant to Final Order of the Bankruptcy Court, (ii) previously expired or terminated pursuant to its own terms or by agreement of the parties thereto, (iii) is the subject of a motion to reject filed by the Debtors on or before the Confirmation Date, or (iv) is specifically designated as a contract or lease to be rejected on the Schedule of Rejected Contracts. Subject to the occurrence of the Effective Date, entry of the Confirmation Order by the Bankruptcy Court will constitute approval of the assumptions or rejections provided for in the Prepackaged Plan pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease assumed pursuant to the Prepackaged Plan will vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Prepackaged Plan, any Final Order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law.

2. Determination of Cure Disputes and Deemed Consent

Any monetary amounts by which any executory contract or unexpired lease to be assumed hereunder is in default will be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Debtors or Reorganized Debtors, as applicable, upon assumption thereof. Following the Petition Date, the Debtors will have served a notice on parties to executory contracts and unexpired leases to be assumed reflecting the Debtors' intention to assume the contract or lease in connection with the Prepackaged Plan and setting forth the proposed Cure Amount (if any). If a counterparty to any executory contract or unexpired lease that the Debtors or Reorganized Debtors, as applicable intend to assume does not receive such a notice, the proposed Cure Amount for such executory contract or unexpired lease will be deemed to be zero dollars ($0).

If there is a dispute regarding (a) any Cure Amount, (b) the ability of the Debtors to provide adequate assurance of future performance (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, such dispute will be heard by the Bankruptcy Court prior to such assumption being effective. The Debtors reserve the right to reject any executory contract or unexpired lease not later than thirty (30) days after the entry of a Final Order resolving any such dispute. Any counterparty to an executory contract or unexpired lease that fails to object timely to the notice of the proposed assumption and assignment of such executory contract or unexpired lease or the relevant Cure Amount within fourteen (14) days of the filing thereof, will be deemed to have assented to such assumption and/or Cure Amount and will be forever barred, estopped, and enjoined from challenging the validity of such assumption or the amount of such Cure Amount thereafter.

3. Rejection Damages Claims

Any counterparty to a contract or lease that is identified on the Schedule of Rejected Contracts or is otherwise rejected by the Debtors must file and serve a proof of Claim on the applicable Debtor that is party to the contract or lease to be rejected no later than thirty (30) days after the later of (i) the Confirmation Date or (ii) the effective date of rejection of such executory contract or unexpired lease.

4. Survival of the Debtors' Indemnification Obligations

Any obligations of the Debtors pursuant to their corporate charters, by-laws, limited liability company agreements, memorandum and articles of association, or other organizational documents to indemnify current and former officers, directors, agents, or employees with respect to all present and future actions, suits, and proceedings against the Debtors or such officers, directors, agents, or employees based upon any act or omission for or on behalf of the Debtors will not be discharged, impaired, or otherwise affected by the Prepackaged Plan; *provided*, that the Reorganized Debtors will not indemnify directors of the Debtors for any Claims or Causes of Action arising out of or relating to any act or omission that is a criminal act or constitutes intentional fraud. All such obligations will be deemed and treated as executory contracts to be assumed by the Debtors under the Prepackaged Plan and will continue as obligations of the Reorganized Debtors. Any claim based on the Debtors' obligations herein will not be a Disputed Claim or subject to any objection, in either case, by reason of section 502(e)(1)(B) of the Bankruptcy Code.

5. Compensation and Benefit Plans

All employment and severance policies, and all compensation and benefits plans, policies, and programs of the Debtors applicable to their respective employees, retirees, and non-employee directors, including, without limitation, all savings plans, retirement plans, healthcare plans, disability plans, severance benefit plans, incentive plans, and life and accidental death and dismemberment insurance plans, are deemed to be, and will be treated as, executory contracts under the Prepackaged Plan and, on the Effective Date, will be assumed pursuant to sections 365 and 1123 of the Bankruptcy Code.

6. Employment Agreement Waivers

With respect to each employment agreement to which any Debtor is a party (the "***Employment Agreements***") and without in any way modifying or limiting the Debtors' rights and remedies thereunder, the Debtors will (i) cause the Employment Agreements of (a) President, Chief Executive Officer, (b) Senior Vice President, Chief Financial Officer, Treasurer and Secretary, (c) Senior Vice President – Region Operations, (d) Vice President - Pumping Services, (e) Vice President - Marketing, (f) Vice President - Human Resources, (g) Vice President, Controller and Chief Accounting Officer, and (h) Vice President – Manufacturing and Equipment, to be amended and (ii) use reasonable best efforts to cause all other Employment Agreements to be amended, in each case (x) where applicable, to provide and clarify that the consummation of the Restructuring itself will not be treated as a "change in control" or be considered a "good reason" event under such Employment Agreement and (y) where applicable, to provide that if the emergence awards are not granted by the New Board within 90 days after the Effective Date in accordance with the terms set forth in Exhibit G to the Restructuring Support Agreement, such failure to act will be a "good reason" event under such Employment Agreement. For the avoidance of doubt, the amendments to the Employment Agreements described in Section 8.6 of the Prepackaged Plan will amend the Employment Agreements only as expressly provided herein and all other terms of the Employment Agreement will remain in full force and effect. The Debtors are authorized to take such actions with respect to the Employment Agreements.

7. Insurance Policies

All insurance policies to which any Debtor is a party as of the Effective Date will be deemed to be and treated as executory contracts and will be assumed by the applicable Debtors or Reorganized Debtor and will continue in full force and effect thereafter in accordance with their respective terms. All other insurance policies will vest in the Reorganized Debtors.

8. Reservation of Rights

(a) Neither the exclusion nor the inclusion by the Debtors of any contract or lease on any exhibit, schedule, or other annex to the Prepackaged Plan or in the Plan Supplement, nor anything contained in the Prepackaged Plan, will constitute an admission by the Debtors that any such contract or lease is or is not an executory contract or unexpired lease or that the Debtors or the Reorganized Debtors or their respective affiliates has any liability thereunder.

(b) Except as explicitly provided in the Prepackaged Plan nothing therein will waive, excuse, limit, diminish, or otherwise alter any of the defenses, claims, Causes of Action, or other rights of the Debtors or the Reorganized Debtors under any executory or non-executory contract or unexpired or expired lease.

(c) Nothing in the Prepackaged Plan will increase, augment, or add to any of the duties, obligations, responsibilities, or liabilities of the Debtors or the Reorganized Debtors, as applicable, under any executory or non-executory contract or unexpired or expired lease.

(d) If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of its assumption under the Prepackaged Plan, the Debtors or Reorganized Debtors, as applicable, will have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

H. Conditions Precedent to the Occurrence of the Effective Date

1. Conditions Precedent to the Effective Date

The Effective Date will not occur unless all of the following conditions precedent have been satisfied:

(a) the Plan Supplement, including the Plan Documents, has been filed;

(b) the Plan Documents contain terms and conditions consistent in all material respects with the Plan and the Restructuring Support Agreement;

(c) the Bankruptcy Court has entered the Confirmation Order in form and substance satisfactory to the Debtors and the Required Restructuring Support Parties and such Confirmation Order has become a Final Order and has not been stayed, modified, or vacated on appeal;

(d) the Restructuring Support Agreement has not been terminated and remains in full force and effect and binding on all parties thereto;

(e) the New Shareholders Agreement has been entered into by Reorganized Basic Parent and is in full force and effect and binding on all Persons that will receive New Common Shares;

(f) the conditions to effectiveness of the Backstop Agreement have been satisfied or waived in accordance with the terms thereof, and the Backstop Agreement is in full force and effect and binding on all parties thereto;

(g) the conditions to effectiveness of the Amended and Restated ABL Credit Agreement have been satisfied or waived in accordance with the terms thereof, and the Amended and Restated ABL Credit Agreement is in full force and effect and binding on all parties thereto;

(h) the conditions to effectiveness of the Amended and Restated Term Loan Agreement have been satisfied or waived in accordance with the terms thereof, and the Amended and Restated Term Loan Agreement is in full force and effect and binding on all parties thereto;

(i) the conditions to effectiveness of the New Intercreditor Agreement have been satisfied or waived in accordance with the terms thereof, and such conditions have not been amended without the consent of the Debtors and the Required Restructuring Support Parties, and the New Intercreditor Agreement is in full force and effect and binding on all parties thereto;

(j) the conditions to effectiveness of the New Convertible Notes Indenture have been satisfied or waived in accordance with the terms thereof, and the New Convertible Notes Indenture is in full force and effect and binding on all parties thereto;

(k) all governmental and third-party approvals and consents, including Bankruptcy Court approval, necessary in connection with the transactions provided for in the Prepackaged Plan have been obtained, are not subject to unfulfilled conditions, and are in full force and effect, and all applicable waiting periods have expired without any action having been taken by any competent authority that would restrain, prevent, or otherwise impose materially adverse conditions on such transactions;

(l) the Amended Certificate of Incorporation of Reorganized Basic Parent has been filed with the appropriate governmental authority;

(m) the Debtors, together with the Subscription Agent (as defined in the Rights Offering Procedures), will have received net proceeds of at least $125 million for the issuance of the New Convertible Notes; and

(n) the Debtors will deliver to the Requisite Noteholders (as such term is defined in the Restructuring Support Agreement), a copy of the fully executed amendments in respect of the Employment Agreements (as defined in section 8.6 of the Prepackaged Plan) described in section 8.6(i) of the Prepackaged Plan.

2. Waiver of Conditions Precedent

(a) Each of the conditions precedent to the occurrence of the Effective Date may be waived in writing by the Debtors and the Required Restructuring Support Parties; *provided* that, section 9.1(m) of the Prepackaged Plan may be waived with the consent of the Debtors and the Requisite Term Loan Lenders (as such term is defined in the Restructuring Support Agreement), and the consent of the Requisite Noteholders (as such term is defined in the Restructuring Support Agreement) will be required only to the extent such consent is required under the Backstop Agreement. If any such condition precedent is waived pursuant to this section and the Effective Date occurs, each party agreeing to waive such condition precedent will be estopped from withdrawing such waiver after the Effective Date or otherwise challenging the occurrence of the Effective Date on the basis that such condition was not

satisfied, the waiver of such condition precedent will benefit from the "equitable mootness" doctrine, and the occurrence of the Effective Date will foreclose any ability to challenge the Prepackaged Plan in any court. If the Prepackaged Plan is confirmed for fewer than all of the Debtors as provided for in section 5.17 of the Prepackaged Plan, only the conditions applicable to the Debtor or Debtors for which the Prepackaged Plan is confirmed must be satisfied or waived for the Effective Date to occur.

(b) The stay of the Confirmation Order pursuant to Bankruptcy Rule 3020(e) will be deemed waived by and upon the entry of the Confirmation Order, and the Confirmation Order will take effect immediately upon its entry.

3. Effect of Failure of a Condition

If the conditions listed in section 9.1 of the Prepackaged Plan are not satisfied or waived in accordance with section 9.2 of the Prepackaged Plan on or before the first Business Day that is more than sixty (60) days after the date on which the Confirmation Order is entered or by such later date reasonably acceptable to the Required Restructuring Support Parties and as set forth by the Debtors in a notice filed with the Bankruptcy Court prior to the expiration of such period, the Prepackaged Plan will be null and void in all respects and nothing contained in the Prepackaged Plan or this Disclosure Statement will (a) constitute a waiver or release of any Claims by or against or any Interests in the Debtors, (b) prejudice in any manner the rights of any Person, or (c) constitute an admission, acknowledgement, offer, or undertaking by the Debtors, any of the other Restructuring Support Parties, or any other Person.

I. Effect of Confirmation

1. Binding Effect

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, and subject to the occurrence of the Effective Date, on and after the entry of the Confirmation Order, the provisions of the Prepackaged Plan will bind every holder of a Claim against or Interest in any Debtor and inure to the benefit of and be binding on such holder's respective successors and assigns, regardless of whether the Claim or Interest of such holder is Impaired under the Prepackaged Plan and whether such holder has accepted the Prepackaged Plan.

2. Vesting of Assets

Except as otherwise provided in the Prepackaged Plan, on and after the Effective Date, all Assets of the Estates, including all claims, rights, and Causes of Action and any property acquired by the Debtors under or in connection with the Prepackaged Plan, will vest in each respective Reorganized Debtor free and clear of all Claims, Liens, charges, other encumbrances, and Interests. Subject to the terms of the Prepackaged Plan, on and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property and prosecute, compromise, or settle any Claims (including any Administrative Expense Claims) and Causes of Action without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules other than restrictions expressly imposed by the Prepackaged Plan or the Confirmation Order. Without limiting the foregoing, the Reorganized Debtors may pay the charges that they incur on or after the Effective Date for Professional Persons' fees, disbursements, expenses, or related support services without application to the Bankruptcy Court.

3. Discharge of Claims against and Interests in the Debtors

Upon the Effective Date and in consideration of the distributions to be made under the Prepackaged Plan, except as otherwise provided in the Prepackaged Plan or in the Confirmation Order, each holder (as well as any trustee or agent on behalf of such holder) of a Claim or Interest and any affiliate of such holder will be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights, and liabilities that arose prior to the Effective Date. Except as otherwise provided in the Prepackaged Plan, upon the Effective Date, all such holders of Claims and Interests and their affiliates will be forever precluded and enjoined, pursuant to sections 105, 524, and 1141 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Interest in any Debtor or any Reorganized Debtor.

4. Pre-Confirmation Injunctions and Stays

Unless otherwise provided in the Prepackaged Plan, all injunctions and stays arising under or entered during the Chapter 11 Cases, whether under sections 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the date of entry of the Confirmation Order, will remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

5. Injunction against Interference with Plan

Upon the entry of the Confirmation Order, all holders of Claims and Interests and all other parties in interest, along with their respective present and former affiliates, employees, agents, officers, directors, and principals, will be enjoined from taking any action to interfere with the implementation or the occurrence of the Effective Date, *provided*, that the foregoing will not enjoin any Restructuring Support Party from exercising any of its rights or remedies under the Restructuring Support Agreement in accordance with the terms thereof.

6. Plan Injunction

(a) Except as otherwise provided in the Prepackaged Plan or in the Confirmation Order, as of the entry of the Confirmation Order but subject to the occurrence of the Effective Date, all Persons who have held, hold, or may hold Claims or Interests will be, with respect to any such Claim or Interest, permanently enjoined after the entry of the Confirmation Order from: (i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative, or other forum) against or affecting, directly or indirectly, a Debtor, a Reorganized Debtor, or an Estate or the property of any of the foregoing, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this subsection (i) or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including, without limitation, any prejudgment attachment), collecting, or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree, or order against a Debtor, a Reorganized Debtor, or an Estate or its property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this subsection (ii) or any property of any such transferee or successor; (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against a Debtor, a Reorganized Debtor, or an Estate or any of its property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned in this subsection (iii) or any property of any such transferee or successor; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Prepackaged Plan to the full extent permitted by

applicable law; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Prepackaged Plan; *provided*, that nothing contained herein will preclude such Persons who have held, hold, or may hold Claims against or Interests in a Debtor or an Estate from exercising their rights, or obtaining benefits, pursuant to and consistent with the terms of the Prepackaged Plan; *provided, further*, that nothing contained therein will enjoin any Restructuring Support Party from exercising any of its rights or remedies under the Restructuring Support Agreement in accordance with the terms thereof.

(b) By accepting distributions pursuant to the Prepackaged Plan, each holder of an Allowed Claim or Interest will be deemed to have affirmatively and specifically consented to be bound by the Prepackaged Plan, including, without limitation, the injunctions set forth in this section.

7. Releases

Under the Prepackaged Plan, Released Parties will receive various releases, as set out in further detail below. For the purpose of the Prepackaged Plan, Released Parties will be defined to mean collectively, and in each case (a) excluding the Excluded Parties and (b) in their capacities as such: (i) the Debtors; (ii) the Debtors' other non-Debtor affiliates; (iii) the Restructuring Support Parties; (iv) the Backstop Parties; (v) the Term Loan Lenders, (vi) the Term Loan Agent, (vii) the New Term Loan Lenders, (viii) the New Term Loan Agent, (ix) the DIP Facility Agent; (x) the DIP Facility Lenders; (xi) the ABL Facility Agent; and (xii) the ABL Facility Lenders; and with respect to each of the foregoing entities, such entities' predecessors, successors, assigns, subsidiaries, affiliates, managed accounts and funds, current and former officers and directors, principals, shareholders, members, partners, managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other professionals, and such entities' respective heirs, executors, estates, servants, and nominees, in each case in their capacity as such.

(a) Releases by the Debtors. As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Prepackaged Plan and the Plan Documents, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties to facilitate the reorganization of the Debtors and the implementation of the Restructuring, and except as otherwise provided in the Prepackaged Plan or in the Confirmation Order, the Released Parties are deemed forever released and discharged by the Debtors, the Reorganized Debtors, and the Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives and any and all other entities who may purport to assert any Cause of Action, derivatively, by or through the foregoing entities, from any and all claims, interests, obligations, suits, judgments, damages, demands, debts rights, Causes of Action, losses, remedies, or liabilities whatsoever, including any derivative claims, asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or their Estates, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Prepackaged Plan, the business or contractual arrangements between any Debtor and any Released Party (including without limitation, the Term Loan Agreement, the 2019 Notes Indenture, and the 2022 Notes Indenture), the Restructuring, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, the Restructuring Transactions, the negotiation, formulation, or preparation of this Disclosure Statement, the Restructuring Support Agreement, and the Prepackaged Plan and related agreements, instruments, and other documents (including Plan Documents), the solicitation of votes with respect to the

Prepackaged Plan, the Backstop Agreement, or the Rights Offering, or any other act or omission, transaction, agreement, event, or other occurrence, other than Claims or Causes of Action arising out of or related to any act or omission of a Released Party that is a criminal act or constitutes intentional fraud.

(b) Releases by Holders of Claims and Interests. As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Prepackaged Plan and the Plan Documents, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties to facilitate the reorganization of the Debtors and the implementation of the Restructuring, and except as otherwise provided in the Prepackaged Plan or in the Confirmation Order, the Released Parties are deemed forever released and discharged by the (i) the holders of all Claims and Interests who vote to accept the Prepackaged Plan, (ii) holders of Claims or Interests that are Unimpaired under the Prepackaged Plan, (iii) holders of Claims or Interests whose vote to accept or reject the Prepackaged Plan is solicited but who do not vote either to accept or to reject the Prepackaged Plan, (iv) holders of Claims or Interests who vote to reject the Prepackaged Plan but do not opt out of granting the releases set forth therein, (v) Basic Parent (to the fullest extent permitted by applicable law), (vi) the Term Loan Agent, (vii) the 2019 Notes Indenture Trustee,(viii) the 2022 Notes Indenture Trustee, (ix) the ABL Facility Agent, and (x) the DIP Facility Agent from any and all claims, interests, obligations, suits, judgments, damages, demands, debts rights, Causes of Action, losses, remedies, and liabilities whatsoever, including any derivative claims, asserted or assertable on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that such holders or their affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Prepackaged Plan, the business or contractual arrangements between any Debtor and any Released Party, the Restructuring, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, the Restructuring Transactions, the negotiation, formulation, or preparation of this Disclosure Statement, the Restructuring Support Agreement, the Prepackaged Plan and related agreements, instruments, and other documents (including the Plan Documents), the solicitation of votes with respect to the Prepackaged Plan, the Backstop Agreement, or the Rights Offering, or any other act or omission, other than Claims or Causes of Action arising out of or related to any act or omission of a Released Party that is a criminal act or constitutes intentional fraud, gross negligence, or willful misconduct.

8. Exculpation

Under the Prepackaged Plan, Exculpated Parties will receive various releases and exculpation, as set out in further detail below. For the purpose of the Prepackaged Plan, Exculpated Parties will be defined to mean collectively, and in each case (a) excluding the Excluded Parties and (b) in their capacities as such during the Chapter 11 Cases: (i) the Debtors, (ii) the Restructuring Support Parties, (iii) the Backstop Parties; (iv) the DIP Facility Agent; and (v) the DIP Facility Lenders; and with respect to each of the foregoing entities, such entities' predecessors, successors, assigns, subsidiaries, affiliates, managed accounts and funds, current and former officers and directors, principals, shareholders, members, partners, managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other professionals, and such entities' respective heirs, executors, estates, servants, and nominees, in each case in their capacity as such.

To the extent permitted by applicable law, no Exculpated Party will have or incur, and each Exculpated Party is hereby released and exculpated from, any Claim, Interest, obligation, suit, judgment, damage,

demand, debt, right, Cause of Action, loss, remedy or liability for any claim in connection with or arising out of the administration of the Chapter 11 Cases; the negotiation and pursuit of the Amended and Restated ABL Credit Agreement, the Amended and Restated Term Loan Agreement, the DIP Facility Loan Agreement, the New Convertible Notes Indenture, the New Shareholders Agreement, the Warrant Agreement, the New By-Laws, the Management Incentive Plan, the Backstop Agreement, this Disclosure Statement, the Restructuring Support Agreement, the Restructuring Transactions, and the Prepackaged Plan (including the Plan Documents), or the solicitation of votes for, or confirmation of, the Prepackaged Plan; the funding of the Prepackaged Plan; the occurrence of the Effective Date; the administration of the Prepackaged Plan or the property to be distributed under the Prepackaged Plan; the conducting of the Rights Offering; the issuance of Securities under or in connection with the Prepackaged Plan; or the transactions in furtherance of any of the foregoing; except for intentional fraud, gross negligence, or willful misconduct, but in all respects such entities will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Prepackaged Plan. The Exculpated Parties and each of their respective affiliates, agents, directors, officers, employees, advisors, and attorneys have acted in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation and distribution of Securities pursuant to the Prepackaged Plan and, therefore, are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of votes for acceptance or rejection of the Prepackaged Plan or such distributions made pursuant to the Prepackaged Plan, including the issuance of Securities thereunder. This exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such Exculpated Parties from liability.

9. Injunction Related to Releases and Exculpation

The Confirmation Order will permanently enjoin the commencement or prosecution by any Person or entity, whether directly, derivatively, or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, losses, or liabilities released pursuant to the Prepackaged Plan, including, without limitation, the claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities released or exculpated in the Prepackaged Plan.

10. Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and Interests and the respective distributions and treatments thereof under the Prepackaged Plan take into account and conform to the relative priority and rights of the Claims and Interest in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, sections 510(a), 510(b), or 510(c) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors reserve the right to reclassify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

11. Retention of Causes of Action and Reservation of Rights

Except as otherwise provided herein, including, without limitation, sections 10.5, 10.6, 10.7, 10.8 and 10.9 of the Prepackaged Plan, nothing contained in the Prepackaged Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any rights, claims, Causes of Action, rights of setoff or recoupment, or other legal or equitable defenses that the Debtors had immediately prior to the Effective Date on behalf of the Estates or of themselves in accordance with any provision of the Bankruptcy Code or any applicable nonbankruptcy law, including, but not limited to, rights, claims, Causes of Action, rights of setoff, offset, recoupment or other legal or equitable defenses against any holder of Existing Equity Interests that arise on account of such holders' objection to, or support of, and objection to the Prepackaged Plan. The Reorganized Debtors will have, retain, reserve, and be entitled to assert all such

claims, Causes of Action, rights of setoff or recoupment, and other legal or equitable defenses as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights in respect of any Unimpaired Claim may be asserted after the Confirmation Date and Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

12. Ipso Facto and Similar Provisions Ineffective

Except as otherwise agreed by the Requisite Noteholders (as such term is defined in the Restructuring Support Agreement), any term of any prepetition policy, prepetition contract, or other prepetition obligation applicable to a Debtor will be void and of no further force or effect with respect to any Debtor to the extent that such policy, contract, or other obligation is conditioned on, creates an obligation of the Debtor as a result of, or gives rise to a right of any entity based on any of the following: (i) the insolvency or financial condition of a Debtor; (ii) the commencement of the Chapter 11 Cases; (iii) the confirmation or consummation of the Prepackaged Plan, including any change of control that will occur as a result of such consummation; or (iv) the Restructuring.

13. Indemnification and Reimbursement Obligations

For purposes of the Prepackaged Plan, (a) the obligations of the Debtors to indemnify and reimburse their directors or officers that were directors or officers, respectively, on or subsequent to the Petition Date will be assumed by the Reorganized Debtors and (b) indemnification obligations of the Debtors arising from services as officers and directors during the period from and after the Petition Date will be Administrative Expense Claims. In addition, after the Effective Date, the Reorganized Debtors will not terminate or otherwise reduce the coverage under any directors' and officers' insurance policies (including any "tail policy") in effect as of the Petition Date, and all members, managers, directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date will be entitled to the full benefits of any such policy for the full term of such policy regardless of whether such members, managers, directors, and/or officers remain in such positions after the Effective Date.

J. <u>Retention of Jurisdiction</u>

1. Retention of Jurisdiction

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court will retain exclusive jurisdiction, pursuant to 28 U.S.C. §§ 1334 and 157, over all matters arising in or related to the Chapter 11 Cases for, among other things, the following purposes:

(a) to hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and any disputes over Cure Amounts resulting therefrom;

(b) to determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the entry of the Confirmation Order;

(c) to hear and resolve any disputes arising from or related to (i) any orders of the Bankruptcy Court granting relief under Bankruptcy Rule 2004 or (ii) any protective orders entered by the Bankruptcy Court in connection with the foregoing;

(d) to ensure that distributions to holders of Allowed Claims are accomplished as provided in the Prepackaged Plan and the Confirmation Order;

(e) to consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim, including any Administrative Expense Claim;

(f) to enter, implement, or enforce such orders as may be appropriate in the event that the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(g) to issue and enforce injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person or other entity with the consummation, implementation, or enforcement of the Prepackaged Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

(h) to hear and determine any application to modify the Prepackaged Plan in accordance with section 1127 of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistency in the Prepackaged Plan, this Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(i) to hear and determine all Fee Claims;

(j) to resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof;

(k) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Prepackaged Plan, the Confirmation Order, any transactions or payments in furtherance of either, or any agreement, instrument, or other document governing or related to any of the foregoing;

(l) to take any action and issue such orders, including any such action or orders as may be necessary after entry of the Confirmation Order or the occurrence of the Effective Date, as may be necessary to construe, enforce, implement, execute, and consummate the Prepackaged Plan, including any release, exculpation, or injunction provisions set forth in the Prepackaged Plan, or to maintain the integrity of the Prepackaged Plan following the occurrence of the Effective Date;

(m) to determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(n) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(o) to hear and determine any other matters related to the Chapter 11 Cases and not inconsistent with the Bankruptcy Code or title 28 of the United States Code;

(p) to resolve any disputes concerning whether a Person or entity had sufficient notice of the Chapter 11 Cases, this Disclosure Statement, any solicitation conducted in connection with the Chapter 11 Cases, any bar date established in the Chapter 11 Cases, or any deadline for responding or objecting to a Cure Amount, in each case, for the purpose for determining whether a Claim or Interest is discharged hereunder or for any other purpose;

(q) to recover all Assets of the Debtors and property of the Estates, wherever located; and

(r) to enter a final decree closing each of the Chapter 11 Cases.

K. Miscellaneous Provisions

1. Exemption from Certain Transfer Taxes

To the fullest extent permitted by applicable law, the issuance, transfer, or exchange of any Security under the Prepackaged Plan, or any debt arising under (i) the Term Loan Agreement or (ii) the ABL Credit Agreement, as well as all sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Confirmation Date through and including the Effective Date, including any transfers effectuated under the Prepackaged Plan, and any assumption, assignment, or sale by the Debtors of their interests in unexpired leases of nonresidential real property or executory contracts pursuant to section 365(a) of the Bankruptcy Code, will constitute a "transfer under a plan" within the purview of section 1146 of the Bankruptcy Code and will not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

2. Dates of Actions to Implement the Prepackaged Plan

In the event that any payment or act under the Prepackaged Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day but will be deemed to have been completed as of the required date.

3. Amendments

(a) Plan Modifications. The Prepackaged Plan may be amended, modified, or supplemented by the Debtors, with the consent of the Required Restructuring Support Parties, in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court. In addition, after the Confirmation Date, so long as such action does not materially and adversely affect the treatment of holders of Allowed Claims pursuant to the Prepackaged Plan, the Debtors, with the consent of the Required Restructuring Support Parties, may remedy any defect or omission or reconcile any inconsistencies in the Prepackaged Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes of effects of the Prepackaged Plan, and any holder of a Claim or Interest that has accepted the Prepackaged Plan will be deemed to have accepted the Prepackaged Plan as amended, modified, or supplemented.

(b) Certain Technical Amendments. Consistent with the Restructuring Support Agreement, prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Prepackaged Plan without further order or approval of the Bankruptcy Court; *provided*, that such technical adjustments and modifications do not adversely affect in a material way the treatment of holders of Claims or Interests under the Prepackaged Plan.

4. Revocation or Withdrawal of the Prepackaged Plan

The Debtors reserve the right to revoke or withdraw the Prepackaged Plan prior to the Effective Date as to any or all of the Debtors (with the consent of the Required Restructuring Support Parties for so long as the Restructuring Support Agreement has not been terminated in accordance with its terms). If, with respect to a Debtor, the Prepackaged Plan has been revoked or withdrawn prior to the Effective Date, or if confirmation or the occurrence of the Effective Date as to such Debtor does not occur on the Effective Date, then, with respect to such Debtor: (a) the Prepackaged Plan will be null and void in all respects;

(b) any settlement or compromise embodied in the Prepackaged Plan (including the fixing or limiting to an amount any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or unexpired leases affected by the Prepackaged Plan, and any document or agreement executed pursuant to the Prepackaged Plan will be deemed null and void; and (c) nothing contained in the Prepackaged Plan will (i) constitute a waiver or release of any Claim by or against, or any Interest in, such Debtor or any other Person; (ii) prejudice in any manner the rights of such Debtor or any other Person; or (iii) constitute an admission of any sort by any Debtor or any other Person.

5. Severability

Subject to section 5.17 of the Prepackaged Plan, if, prior to the entry of the Confirmation Order, any term or provision of the Prepackaged Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors, will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation by the Bankruptcy Court, the remainder of the terms and provisions of the Prepackaged Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Prepackaged Plan, as it may have been altered or interpreted in accordance with this section, is valid and enforceable pursuant to its terms.

6. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable or to the extent that a Plan Document provides otherwise, the rights, duties, and obligations arising under the Prepackaged Plan and the Plan Documents will be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the principles of conflicts of laws thereof (other than section 5-1401 and section 5-1402 of the New York General Obligations Law).

7. Immediate Binding Effect

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), 7062, or otherwise, upon the occurrence of the Effective Date, the terms of the Prepackaged Plan and the Plan Documents will be immediately effective and enforceable and deemed binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, the holders of Claims and Interests, the Released Parties, and each of their respective successors and assigns.

8. Successors and Assigns

The rights, benefits, and obligations of any entity named or referred to in the Prepackaged Plan will be binding on and will inure to the benefit of any heir, executor, administrator, successor, or permitted assign, if any, of each such entity.

9. Entire Agreement

On the Effective Date, the Prepackaged Plan, the Plan Supplement, and the Confirmation Order will supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Prepackaged Plan.

10. Computing Time

In computing any period of time prescribed or allowed by the Prepackaged Plan, unless otherwise set forth in the Prepackaged Plan or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 will apply.

11. Exhibits to Prepackaged Plan

All exhibits, schedules, supplements, and appendices to the Prepackaged Plan (including the Plan Supplement) are incorporated into and are a part of the Prepackaged Plan as if set forth in full herein.

12. Notices

All notices, requests, and demands to or upon the Debtors or Reorganized Debtors, as applicable, will be in writing (including by facsimile transmission) and, unless otherwise provided herein, will be deemed to have been duly given or made only when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

BASIC ENERGY SERVICES, INC.
801 Cherry Street, Suite 2100
Fort Worth, Texas 76102
Attn: T. M. "Roe" Patterson, President, Chief Executive Officer and
Alan Krenek, Senior Vice President, Chief Financial Officer, Treasurer and Secretary

– and –

RICHARDS, LAYTON & FINGER, P.A.
Daniel J. DeFranceschi (No. 2732)
Michael J. Merchant (No. 3854)
Zachary I. Shapiro (No. 5103)
Brendan J. Schlauch (No. 6115)
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701

Attorneys for the Debtors

– and –

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Attn: Ray C. Schrock, P.C. and Ronit J. Berkovich, Esq.
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

Attorneys for the Debtors

After the occurrence of the Effective Date, the Reorganized Debtors have authority to send a notice to entities that to continue to receive documents pursuant to Bankruptcy Rule 2002, such entities must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002; *provided*, that the U.S. Trustee need not file such a renewed request and will continue to receive documents without any further action being necessary. After the occurrence of the Effective Date, the Reorganized Debtors are authorized to limit the list of entities receiving documents pursuant to Bankruptcy Rule 2002 to the U.S. Trustee and those entities that have filed such renewed requests.

13. Reservation of Rights

Except as otherwise provided in the Prepackaged Plan, the Prepackaged Plan will be of no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the filing of the Prepackaged Plan, any statement or provision of the Prepackaged Plan, or the taking of any action by the Debtors with respect to the Prepackaged Plan will be or will be deemed to be an admission or waiver of any rights of the Debtors with respect to any Claims or Interests prior to the Effective Date.

VII.
FINANCIAL INFORMATION AND PROJECTIONS

A. Consolidated Condensed Projected Financial Information

The Debtors believe that the Prepackaged Plan meets the feasibility requirements set forth in section 1129(a)(11) of the Bankruptcy Code, as confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successor under the Prepackaged Plan. In connection with the development of the Prepackaged Plan and for the purposes of determining whether the Prepackaged Plan satisfies the feasibility standard, the Debtors analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources. The Debtors prepared financial projections (the "***Projections***") for the balance of the 2016 calendar year, and for 2017 through 2021 (the "***Projection Period***"), as set forth below.

The Debtors do not, as a matter of course, publish their business plans or strategies, projections or anticipated financial position. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated business plans or Projections to holders of Claim or other parties in interest after the Confirmation Date, or to include such information in documents required to be filed with the SEC or otherwise make such information public, unless required to do so by the SEC or other regulatory bodies pursuant to the provisions of the Prepackaged Plan. In connection with the planning and the development of the Prepackaged Plan, the Projections were prepared by the Debtors, with the assistance of their professionals, to present the anticipated impact of the Prepackaged Plan. The Projections assume that the Prepackaged Plan will be implemented in accordance with its stated terms. The Projections are based on forecasts and variables and may be significantly impacted by, among other factors, oil and natural gas prices, expectations regarding future commodity prices, the level of activity of oil and natural gas exploration, development and production, demand for drilling services, demand for drilling services equipment, competition within the industry, changes in the political environment, regulatory changes, and/or a variety of other factors. Consequently, the estimates and assumptions underlying the Projections are inherently uncertain and are subject to material business, economic, and other uncertainties. Therefore, the Projections, estimates, and assumptions are not necessarily indicative of current values or future performance, which may be significantly less or more favorable than set forth herein. The Projections included herein were last updated on September 30, 2016.

THE DEBTORS PREPARED THE PROJECTIONS WITH THE ASSISTANCE OF THEIR ADVISORS. THE DEBTORS DID NOT PREPARE SUCH PROJECTIONS TO COMPLY WITH THE

GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND THE RULES AND REGULATIONS OF THE SEC. EXCEPT FOR PURPOSES OF THIS DISCLOSURE STATEMENT, THE DEBTORS DO NOT PUBLISH PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS.

MOREOVER, THE PROJECTIONS CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATIONS REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS, AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS, INCLUDING THE IMPLEMENTATION OF THE PREPACKAGED PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, INDUSTRY-SPECIFIC RISK FACTORS, AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTION WHICH THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, INDUSTRY, REGULATORY, LEGAL, MARKET, AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE REORGANIZED DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE DEBTORS PREPARED THESE PROJECTIONS MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. EXCEPT AS OTHERWISE PROVIDED IN THE PREPACKAGED PLAN OR THIS DISCLOSURE STATEMENT, THE DEBTORS AND REORGANIZED DEBTORS, AS APPLICABLE, DO NOT INTEND AND UNDERTAKE NO OBLIGATION TO UPDATE OR OTHERWISE REVISE THE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE HEREOF OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PREPACKAGED PLAN, HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISORS.

The Projections should be read in conjunction with the significant assumptions, qualifications, and notes set forth in this Disclosure Statement, the Prepackaged Plan, the Prepackaged Plan Supplement, in their entirety, and the historical consolidated financial statements (including the notes and schedules thereto).

Summary Financial Projections
(in US$ millions)

	2016E	2017E	2018E	2019E	2020E	2021E
	FY	FY	FY	FY	FY	FY
Revenue						
Well Servicing	$159	$186				
Fluid Services	190	203				
Completion & Remedial Services	157	177				
Contract Drilling	6	6				
Total Revenue	**$513**	**$572**	**$826**	**$1,064**	**$1,254**	**$1,416**
Expenses						
Well Servicing	($136)	($158)				
Fluid Services	(157)	(161)				
Completion & Remedial Services	(135)	(148)				
Contract Drilling	(6)	(6)				
Total Expenses	**($434)**	**($472)**	**($625)**	**($768)**	**($873)**	**($965)**
G&A	(116)	(111)	(110)	(122)	(132)	(149)
Depreciation & Amortization	(219)	(230)	(220)	(210)	(230)	(250)
Gain (loss) on sale of assets	(2)	(3)	(3)	(3)	(3)	(3)
Operating income (loss)	**($257)**	**($243)**	**($131)**	**($40)**	**$16**	**$49**
Restructuring costs	(42)	--	--	--	--	--
Other, net	1	1	1	1	1	1
Interest expense, net	(58)	(41)	(42)	(23)	(11)	(4)
Income (loss) from operations	**($357)**	**($284)**	**($173)**	**($62)**	**$6**	**$46**
Income tax (provision) benefit	70	101	66	24	(2)	(17)
Net Income (loss)	**($287)**	**($183)**	**($107)**	**($39)**	**$3**	**$28**
Reconciliation of Net Income (Loss) to Adjusted EBITDA						
Income tax (provision) benefit	($70)	($101)	($66)	($24)	$2	$17
Interest expense, net	58	41	42	23	11	4
Restructuring costs	42	--	--	--	--	--
Depreciation & Amortization	219	230	220	210	230	250
Gain (loss) on sale of assets	2	3	3	3	3	3
Adjusted EBITDA	**($36)**	**($10)**	**$92**	**$174**	**$250**	**$303**
Change in Net Working Capital	5	(10)	(27)	(24)	(25)	(18)
Total Capital Expenditures	(23)	(24)	(50)	(75)	(100)	(150)
Other Investing Activity	5	9	9	9	9	9
Professional Fees and Expenses	(40)	--	--	--	--	--
Non-Cash Deferred Compensation	10	10	10	10	10	10
Other Non-Cash Items	(3)	--	--	--	--	--
Interest Expense	(48)	(26)	(26)	(20)	(8)	(4)
Proceeds from Debt Issuance	328	--	--	--	--	--
Payment of Debt & Capital Leases	(86)	(30)	(27)	(79)	(135)	(57)
Payments for Deferred Loan & Offering Costs	(20)	--	--	--	--	--
Stock Repurchases	(1)	--	--	--	--	--
Restricted Cash	--	--	--	--	--	--
Levered Free Cash Flow	**$90**	**($82)**	**($20)**	**($5)**	**($0)**	**$92**

note: Assumes no further cash collateralization of letters of credit

B. Assumptions to the Projections

1. General Assumptions

Presentation. The Projections are presented on a consolidated basis, including estimates of operating results for Debtor and non-Debtor entities, combined.

Methodology. In developing the Projections, the Debtors considered expected customer activity levels by segment based on expected commodity prices and historical trends. Projected cash flows are based on the assumption that activity levels in well servicing, contract drilling and hydraulic fracturing will begin to recover in 2018 in response to improved oil and natural gas prices and increasing E&P capex budgets.

Plan Consummation. The Projections assume that the Prepackaged Plan will be consummated on or about December 31, 2016.

2. Assumptions With Respect to the Projected Income Statement

Revenues. In the Financial Projections, revenues are forecasted by individual operating segment. The Debtors developed activity and pricing assumptions based on historical levels and expected future commodity pricing. Segment level revenues projections are based upon activity and pricing levels which are influenced by utilization of the Basic Group's fleet. Utilization rates begin to improve in 2018 and beyond in response to improving oil and natural gas prices and higher expected E&P capex budgets.

Operating Costs. The direct cost forecast is based on the Debtors' review of historical operating results, discussions with field personnel regarding planned utilization levels and associated cost impact and an evaluation of opportunities to reduce costs. Direct costs consist primarily of labor costs, materials and supplies necessary to complete forecasted jobs, routine repair and maintenance costs and other direct costs incurred in the normal course of completing a job. Direct costs are expected to increase throughout the forecast period due to an anticipated increase in utilization and overall activity levels.

General and Administrative. Selling, general and administrative costs ("***SG&A***") are comprised primarily of indirect labor costs, research and development and other expenses associated with corporate overhead. The amount of SG&A is based on historical SG&A cost trends, adjusted for cost reduction efforts.

Depreciation and Amortization. Depreciation and amortization reflects the anticipated depreciation and amortization of the Debtors' net property, plant & equipment and intangible assets based on book values. No changes have been made for asset value adjustments resulting from the application of "fresh start" reporting as required by Topic 852, Reorganizations, of the Financial Accounting Standards Board ("***FASB***") Accounting Standards Codification.

Interest Expense. Interest expense post-emergence is forecasted based on the Amended and Restated Credit Agreement and Secured Term Loan, as more fully described in the Prepackaged Plan and the exhibits thereto.

Income Tax (Expense) Benefit. Income tax is estimated based on the anticipated effective corporate tax rate.

Restructuring Expenses. Restructuring Expenses include costs related to the recapitalization process, including but not limited to professional fees, claims administration and other items. Estimated amounts are based on the terms of contracts and historical precedent.

3. Assumptions with Respect to the Projected Balance Sheet and Projected Statement of Cash Flows

Working Capital. Working capital assumptions are based on historical days sales outstanding and historical days payable as well as historical levels of prepaid and other current assets and current liabilities.

Capital Expenditures. Capital expenditures primarily relate to maintenance-oriented capital necessary to maintain the service capability of the Debtors' existing assets in the normal course of the Debtors' businesses. In addition, the Projections include capital associated with ongoing major refurbishment and overhaul work that may be needed based on historical precedent.

VIII.
VALUATION ANALYSIS

The Debtors have been advised by Moelis with respect to the reorganization value of the Reorganized Debtors on a going concern basis.

Solely for purposes of the Prepackaged Plan, the estimated range of a reorganization value of the Reorganized Debtors was assumed to be approximately $425 million to $625 million (with a midpoint estimate of approximately $525 million) as of an assumed Effective Date of December 31, 2016. The valuation analysis herein is based on information as of the date of this Disclosure Statement and is based on the Projections for the Projection Period. For purposes of this valuation, it has been assumed that no material changes that would affect value occur between the date of this Disclosure Statement and the assumed Effective Date. Moelis' estimate of a range of reorganization values does not constitute an opinion as to fairness from a financial point of view of the consideration to be received under the Prepackaged Plan or of the terms and provisions of the Prepackaged Plan.

THE ASSUMED RANGE OF THE REORGANIZATION VALUE, AS OF AN ASSUMED EFFECTIVE DATE OF DECEMBER 31, 2016, REFLECTS WORK PERFORMED BY MOELIS ON THE BASIS OF INFORMATION IN RESPECT OF THE BUSINESS AND ASSETS OF THE DEBTORS AVAILABLE TO MOELIS AS OF SEPTEMBER 30, 2016. IT SHOULD BE UNDERSTOOD THAT, ALTHOUGH SUBSEQUENT DEVELOPMENTS MAY AFFECT MOELIS' CONCLUSIONS, MOELIS DOES NOT HAVE ANY OBLIGATION TO UPDATE, REVISE OR REAFFIRM ITS ESTIMATE.

Based upon the assumed combined range of the reorganization value of the Reorganized Debtors of between $425 million and $625 million and assumed net debt of $298 million (assuming a debt balance of $405 million[6] and a pro forma cash balance of $107 million as of December 31, 2016), Moelis has employed an imputed estimate of the range of equity value for the Reorganized Debtors between approximately $127 million and $327 million, with a midpoint estimate of $227 million.

The assumed range of reorganization value was based on the Projections for the Projection Period, as set forth previously.

MOELIS DID NOT INDEPENDENTLY VERIFY THE PROJECTIONS IN CONNECTION WITH MOELIS' ESTIMATES OF THE REORGANIZATION VALUE AND EQUITY VALUE, AND NO

[6] The New Convertible Notes were valued at the great of principal amount and as-converted amount. For the purposes of this analysis the New Convertible Notes were valued at $164 million.

INDEPENDENT VALUATIONS OR APPRAISALS OF THE DEBTORS WERE SOUGHT OR OBTAINED IN CONNECTION HEREWITH. ESTIMATES OF THE REORGANIZATION VALUE AND EQUITY VALUE DO NOT PURPORT TO BE APPRAISALS OR NECESSARILY REFLECT THE VALUES THAT MAY BE REALIZED IF ASSETS ARE SOLD AS A GOING CONCERN, IN LIQUIDATION, OR OTHERWISE. IN THE CASE OF THE REORGANIZED DEBTORS, THE ESTIMATES OF THE REORGANIZATION VALUE PREPARED BY MOELIS REPRESENT THE HYPOTHETICAL REORGANIZATION VALUE OF THE REORGANIZED DEBTORS. SUCH ESTIMATES WERE DEVELOPED SOLELY FOR PURPOSES OF THE FORMULATION OF THE PREPACKAGED PLAN AND THE ANALYSIS OF IMPLIED RELATIVE RECOVERIES TO CREDITORS THEREUNDER. SUCH ESTIMATES REFLECT COMPUTATIONS OF THE RANGE OF THE ESTIMATED REORGANIZATION VALUE OF THE REORGANIZED DEBTORS THROUGH THE APPLICATION OF VARIOUS VALUATION TECHNIQUES AND DO NOT PURPORT TO REFLECT OR CONSTITUTE APPRAISALS, LIQUIDATION VALUES, OR ESTIMATES OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE ISSUED PURSUANT TO THE PREPACKAGED PLAN, WHICH MAY BE SIGNIFICANTLY DIFFERENT THAN THE AMOUNTS SET FORTH HEREIN.

THE VALUE OF AN OPERATING BUSINESS IS SUBJECT TO NUMEROUS UNCERTAINTIES AND CONTINGENCIES WHICH ARE DIFFICULT TO PREDICT AND WILL FLUCTUATE WITH CHANGES IN FACTORS AFFECTING THE FINANCIAL CONDITION AND PROSPECTS OF SUCH A BUSINESS. AS A RESULT, THE ESTIMATE OF THE RANGE OF THE REORGANIZATION ENTERPRISE VALUE OF THE REORGANIZED DEBTORS SET FORTH HEREIN IS NOT NECESSARILY INDICATIVE OF ACTUAL OUTCOMES, WHICH MAY BE SIGNIFICANTLY MORE OR LESS FAVORABLE THAN THOSE SET FORTH HEREIN. BECAUSE SUCH ESTIMATES ARE INHERENTLY SUBJECT TO UNCERTAINTIES, NEITHER THE DEBTORS, MOELIS, NOR ANY OTHER PERSON ASSUMES RESPONSIBILITY FOR THEIR ACCURACY. IN ADDITION, THE VALUATION OF NEWLY ISSUED SECURITIES IS SUBJECT TO ADDITIONAL UNCERTAINTIES AND CONTINGENCIES, ALL OF WHICH ARE DIFFICULT TO PREDICT. ACTUAL MARKET PRICES OF SUCH SECURITIES AT ISSUANCE WILL DEPEND UPON, AMONG OTHER THINGS, PREVAILING INTEREST RATES, CONDITIONS IN THE FINANCIAL MARKETS, THE ANTICIPATED INITIAL SECURITIES HOLDINGS OF PREPETITION CREDITORS, SOME OF WHICH MAY PREFER TO LIQUIDATE THEIR INVESTMENT RATHER THAN HOLD IT ON A LONG-TERM BASIS, AND OTHER FACTORS WHICH GENERALLY INFLUENCE THE PRICES OF SECURITIES.

Moelis assumed that the Projections were reasonably prepared in good faith and on a basis reflecting the Debtors' most accurate currently available estimates and judgments as to the future operating and financial performance of the Reorganized Debtors. The estimated Enterprise Value and Equity Value ranges assume the Reorganized Debtors will achieve their Projections in all material respects, including revenue growth, EBITDA margins, and cash flows as projected. If the business performs at levels below or above those set forth in the Projections, such performance may have a materially negative or positive impact, respectively, on Enterprise Value and Equity Value. In estimating the Enterprise Value, Moelis: (a) reviewed certain historical financial information of the Debtors for recent years and interim periods (b) reviewed certain internal financial and operating data of the Debtors, including the Projections; (c) discussed the Debtors' operations and future prospects with the senior management team; (d) reviewed certain publicly available financial data for, and considered the market value of, public companies that Moelis deemed generally relevant in analyzing the value of the Reorganized Debtors; (e) considered certain economic and industry information relevant to the operating businesses; and (f) conducted such other studies, analyses, inquiries and investigations as it deemed appropriate. Moelis assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Debtors' management as well as publicly available information.

The estimated Enterprise Value and Equity Value do not constitute a recommendation to any holder of Allowed Claims as to how such person should vote or otherwise act with respect to the Prepackaged Plan. Moelis has not been asked to and does not express any view as to what the trading value of the Reorganized Debtors' securities would be on issuance at any time. The estimated Enterprise Value and Equity Value of the Reorganized Debtors set forth herein does not constitute an opinion as to fairness from a financial point of view to any person of the consideration to be received by such person under the Prepackaged Plan or of the terms and provisions of the Prepackaged Plan.

Moelis did not estimate the value of any tax attributes nor did it estimate the impact of any cancellation of indebtedness income on the Reorganized Debtors' projections. Any changes to the assumptions on the availability of tax attributes or the impact of cancellation of indebtedness income on the Reorganized Debtors' projections could materially impact Moelis' valuation analysis.

THE ESTIMATES OF THE REORGANIZATION VALUE AND EQUITY VALUE DETERMINED BY MOELIS REPRESENT ESTIMATED REORGANIZATION VALUES AND DO NOT REFLECT VALUES THAT COULD BE ATTAINABLE IN PUBLIC OR PRIVATE MARKETS. THE IMPUTED ESTIMATE OF THE RANGE OF THE REORGANIZATION EQUITY VALUE OF REORGANIZED DEBTORS ASCRIBED IN THE ANALYSIS DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET TRADING VALUE. ANY SUCH TRADING VALUE MAY BE MATERIALLY DIFFERENT FROM THE IMPUTED ESTIMATE OF THE REORGANIZATION EQUITY VALUE RANGE FOR THE REORGANIZED DEBTORS ASSOCIATED WITH MOELIS' VALUATION ANALYSIS.

MOELIS IS ACTING AS INVESTMENT BANKER TO THE DEBTORS, AND WILL NOT BE RESPONSIBLE FOR AND WILL NOT PROVIDE ANY TAX, ACCOUNTING, ACTUARIAL, LEGAL OR OTHER SPECIALIST ADVICE.

IX.
TRANSFER RESTRICTIONS AND CONSEQUENCES UNDER FEDERAL SECURITIES LAWS

The Solicitation is being made before the Petition Date only to holders of Unsecured Notes Claims who are "accredited investors" within the meaning of Rule 501(a) of Regulation D of the Securities Act.

The issuance of and the distribution under the Prepackaged Plan of the New Common Shares, the Warrants (and the New Common Shares issuable upon exercise thereof), the Subscription Rights, and the New Convertible Notes issued pursuant to the Rights Offering (and the New Common Shares issuable upon conversion thereof) will be exempt from registration under the Securities Act and any other applicable securities laws pursuant to section 1145 of the Bankruptcy Code.

Section 1145 of the Bankruptcy Code generally exempts from registration under the Securities Act the offer or sale under a chapter 11 plan of a security of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under a plan, if such securities are offered or sold in exchange for a claim against, or an interest in, the debtor or such affiliate, or principally in such exchange and partly for cash. Section 1145 of the Bankruptcy Code also exempts from registration the offer of a security through any right to subscribe sold in the manner provided in the prior sentence, and the sale of a security upon the exercise of such right. In reliance upon this exemption, the New Common Shares, the Warrants (and the New Common Shares issuable upon exercise thereof), the Subscription Rights, and the New Convertible Notes issued pursuant to the Rights Offering (and the New Common Shares issuable upon conversion thereof) will be exempt from the registration requirements of the Securities Act, and state and local securities laws. These securities may be resold without registration under the Securities Act or other federal or state securities laws pursuant to the exemption provided by section 4(a)(1) of the

Securities Act, unless the holder is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code. In addition, such section 1145 exempt securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states.

The issuance and sale, as applicable, of the New Convertible Notes (and the New Common Shares issuable upon conversion thereof) to the Backstop Parties under the Backstop Agreement is being made in reliance on the exemption from registration set forth in section 4(a)(2) of the Securities Act and Regulation D thereunder. Such securities will be considered "restricted securities" and may not be transferred except pursuant to an effective registration statement or under an available exemption from the registration requirements of the Securities Act, such as, under certain conditions, the resale provisions of Rule 144 of the Securities Act.

Section 1145(b) of the Bankruptcy Code defines "underwriter" for purposes of the Securities Act as one who, except with respect to ordinary trading transactions, (a) purchases a claim with a view to distribution of any security to be received in exchange for the claim, (b) offers to sell securities issued under a plan for the holders of such securities, (c) offers to buy securities issued under a plan from persons receiving such securities, if the offer to buy is made with a view to distribution or (d) is an issuer, as used in Section 2(a)(11) of the Securities Act, with respect to such securities, which includes control persons of the issuer.

Notwithstanding the foregoing, control person underwriters may be able to sell securities without registration pursuant to the resale limitations of Rule 144 of the Securities Act which, in effect, permit the resale of securities received by such underwriters pursuant to a chapter 11 plan, subject to applicable volume limitations, notice and manner of sale requirements, and certain other conditions. Parties who believe they may be statutory underwriters as defined in section 1145 of the Bankruptcy Code are advised to consult with their own legal advisers as to the availability of the exemption provided by Rule 144.

In any case, recipients of new securities issued under the Prepackaged Plan are advised to consult with their own legal advisers as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability.

Listing. Upon the Effective Date of the Prepackaged Plan, Reorganized Basic Parent will use its reasonable best efforts to have the New Common Shares listed on a nationally recognized exchange as soon as practicable subject to meeting applicable listing requirements following the Effective Date. No assurance can be given that a holder of such securities will be able to sell such securities in the future or as to the price at which any sale may occur.

Legends. To the extent certificated, certificates evidencing the New Common Shares, Notes and Warrants held by holders of 10% or more of the outstanding New Common Shares, or who are otherwise underwriters as defined in section 1145(b) of the Bankruptcy Code, will bear a legend substantially in the form below:

[THE ORDINARY SHARES] [THE NOTE] [THE WARRANT] REPRESENTED BY THIS CERTIFICATE [HAS] [HAVE] NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND MAY NOT BE SOLD, OFFERED FOR SALE OR OTHERWISE TRANSFERRED UNLESS REGISTERED OR QUALIFIED UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS BASIC ENERGY SERVICES, INC. RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED.

X.
CERTAIN TAX CONSEQUENCES OF THE PREPACKAGED PLAN

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Prepackaged Plan to the Debtors (including the Reorganized Debtors) and to holders of certain Claims. This discussion does not address the U.S. federal income tax consequences to holders of Claims who are unimpaired or deemed to reject the Prepackaged Plan. Additionally, this discussion does not address the U.S. federal income tax consequences to holders of Term Loan Claims or the Backstop Parties.

The discussion of U.S. federal income tax consequences below is based on the Tax Code, Treasury regulations, judicial authorities, published positions of the Internal Revenue Service ("***IRS***"), and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations (possibly with retroactive effect). The U.S. federal income tax consequences of the contemplated transactions are complex and subject to significant uncertainties. The Debtors have not requested an opinion of counsel or a ruling from the IRS or any other taxing authority with respect to any of the tax aspects of the contemplated transactions, and the discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This summary does not address foreign, state, or local tax consequences of the contemplated transactions, nor does it purport to address the U.S. federal income tax consequences of the transactions to special classes of taxpayers (e.g., foreign taxpayers, small business investment companies, regulated investment companies, real estate investment trusts, banks and certain other financial institutions, insurance companies, tax-exempt organizations, retirement plans, individual retirement and other tax-deferred accounts, holders that are, or hold their Claims through, S corporations, partnerships or other pass-through entities for U.S. federal income tax purposes, persons whose functional currency is not the U.S. dollar, dealers in securities or foreign currency, traders that mark-to-market their securities, persons subject to the alternative minimum tax ("***AMT***") or the "Medicare" tax on unearned income, and persons whose Claims are part of a straddle, hedging, constructive sale, or conversion transaction). In addition, this discussion does not address U.S. federal taxes other than income taxes.

This discussion assumes that the Unsecured Notes, Subscription Rights, New Convertible Notes and New Common Shares will be held as "capital assets" (generally, property held for investment) within the meaning of section 1221 of the Tax Code and that the various debt and other arrangements to which the Debtors are parties will be respected for U.S. federal income tax purposes in accordance with their form.

The following summary of certain U.S. federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon your individual circumstances. You are urged to consult your own tax advisor for the U.S. federal, state, local, non-U.S., and other tax consequences applicable under the Prepackaged Plan.

A. Consequences to the Debtors

1. Cancellation of Debt Income

In general, absent an exception, a debtor will realize and recognize cancellation of debt income ("***COD Income")*** upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of (i) the amount of Cash paid, (ii) the issue price of any new indebtedness of the taxpayer issued, and (iii) the fair market value of any other new consideration

(including stock of the debtor or a party related to the debtor) given in satisfaction, or as part of the discharge, of such indebtedness at the time of the exchange. Because the Prepackaged Plan provides that holders of Unsecured Notes will receive New Common Shares and Subscription Rights, the amount of COD Income will depend in part on the fair market value of the New Common Shares and the Subscription Rights. This value, and, consequently, the amount of COD Income that will be realized by the Debtors as a result of the Prepackaged Plan, cannot be determined at this time.

Under section 108 of the Tax Code, COD Income of a debtor is excluded from gross income if the debtor is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding. As a consequence of such exclusion, a debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income as provided in sections 108 and 1017 of the Tax Code. As noted above, the amount of COD Income, and accordingly the amount of tax attributes required to be reduced, cannot be determined at this time. In general, tax attributes of the debtor will be reduced in the following order: (a) net operating loss ("***NOL***s") and NOL carryovers; (b) general business credit carryovers; (c) minimum tax credit carryovers; (d) capital loss carryovers; (e) tax basis in assets (but not below the amount of the post-Effective Date indebtedness, provided an election pursuant to section 108(b)(5) of the Tax Code, as described below, is not made), which includes the stock of subsidiaries; (f) passive activity loss and credit carryovers; and (g) foreign tax credit carryovers. Alternatively, a debtor with excluded COD Income may elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the Tax Code. The reduction of the debtor's tax attributes occurs at the end of the tax year for which the excluded COD Income is realized, but only after the tax for the year of the debt discharge has been determined; in this way, the attribute reduction is generally effective as of the start of the year following the discharge. If the amount of excluded COD Income exceeds available tax attributes, the excess is not subject to U.S. federal income tax and has no other U.S. federal income tax impact.

The Treasury Regulations provide specific rules for applying tax attribute reduction to an affiliated group of corporations. Under these Treasury Regulations, the tax attributes of each member of an affiliated group of corporations that realizes excluded COD Income is subject to reduction to the extent of that member's excluded COD Income. The rules do not permit the basis of member stock held by the debtor corporation to be reduced below zero such that the reduction results in the creation of, or increase in, an "excess loss account." To the extent the debtor member's tax basis in stock of a lower-tier member of the affiliated group is reduced, a "look through rule" requires that a corresponding reduction be made to the tax attributes of the lower-tier member to the extent of the lower-tier member's deemed COD Income from this "look through rule." If a debtor member's excluded COD Income, but not its deemed COD Income, exceeds its tax attributes, the excess COD Income is applied to reduce certain remaining consolidated tax attributes of the affiliated group. Any excess COD Income after reducing the debtor group's consolidated tax attributes have no other U.S. federal income tax consequence.

2. Limitation of NOL Carryforwards and Other Tax Attributes

The Debtors currently estimate that, as of the Effective Date, their federal NOL carryovers will exceed $450 million. However, as a result of the consummation of the Prepackaged Plan, the Debtors expect that a significant portion of the federal NOLs, NOL carryovers, and certain other tax attributes will be reduced, or eliminated as a result of the bankruptcy exception to inclusion of COD Income. Following Confirmation, the Debtors anticipate that any remaining NOL carryovers and certain other tax attributes (such as losses and deductions that have accrued economically but are unrecognized as of the date of the ownership change) of the Reorganized Debtors allocable to periods before the Effective Date (collectively, the "***Pre-Change Losses***") may be subject to limitation under sections 382 and 383 of the Tax Code as a result of an "ownership change" of the Reorganized Debtors by reason of the transactions consummated pursuant to the Prepackaged Plan.

Under sections 382 and 383 of the Tax Code, if a corporation undergoes an "ownership change," the amount of its Pre-Change Losses that may be utilized to offset future taxable income generally is subject to an annual limitation. The Debtors anticipate that the distribution of the New Common Shares pursuant to the Prepackaged Plan will result in an "ownership change" of the Reorganized Debtors for these purposes, and that the Reorganized Debtors' use of their Pre-Change Losses will be subject to limitation unless an exception to the general rules of section 382 of the Tax Code applies.

Generally, if a corporation (or consolidated group) has a net unrealized built-in loss at the time of an ownership change (taking into account most assets and items of "built-in" income and deductions), then built-in losses (including, but not limited to, amortization or depreciation deductions attributable to such built-in losses) recognized during the sixty (60) month period following the "ownership change" (up to the amount of the original net unrealized built-in loss) will be treated as Pre-Change Losses, the deductibility of which will be subject to the annual limitation. In general, a corporation's (or consolidated group's) net unrealized built-in loss will be deemed to be zero unless it is greater than the lesser of (a) $10,000,000 or (b) 15 percent of the fair market value of its assets (with certain adjustments) before the ownership change.

3. General Section 382 Annual Limitation

In general, the amount of the annual limitation to which a corporation that undergoes an "ownership change" would be subject is equal to the product of (a) the fair market value of the stock of the corporation immediately before the "ownership change" (with certain adjustments) multiplied by (b) the "long-term tax-exempt rate" (which is the highest of the adjusted federal long-term rates in effect for any month in the 3-calendar-month period ending with the calendar month in which the "ownership change" occurs: 1.82 percent for October, 2016). If the Reorganized Debtors have a net unrealized built-in gain in their assets (as opposed to a net unrealized built-in loss), the section 382 limitation may be increased to the extent that the Reorganized Debtors recognize (or are deemed to recognize pursuant to the safe harbors provided in IRS Notice 2003-65) certain built-in gains in their assets during the sixty (60) month period following the ownership change. Section 383 of the Tax Code applies a similar limitation to capital loss carryforwards and tax credits. Any unused annual limitation may be carried forward and therefore available to be utilized in a subsequent taxable year. As discussed below, however, special rules apply in the case of a corporation that experiences an ownership change as the result of a bankruptcy proceeding.

4. Special Bankruptcy Exceptions

An exception to the foregoing annual limitation rules generally applies when former shareholders and "qualified creditors" of a debtor corporation in chapter 11 receive, in respect of their equity interests or claims (as applicable), at least 50 percent of the vote and value of the stock of the reorganized debtor (or a controlling corporation if also in chapter 11) pursuant to a confirmed chapter 11 plan (the "***382(l)(5) Exception***"). Under the 382(l)(5) Exception, a debtor's Pre-Change Losses are not subject to the annual limitation. However, if the 382(l)(5) Exception applies, the Debtors' NOL carryovers will be reduced by the amount of any interest deductions claimed during the three taxable years preceding the taxable year that includes the effective date of the plan of reorganization, and during the part of the taxable year prior to and including the effective date of the plan of reorganization, in respect of all debt converted into stock in the reorganization (the "***Interest Haircut***"). If the 382(l)(5) Exception applies and the Reorganized Debtors undergo another "ownership change" within two years after the Effective Date, then the Reorganized Debtors' annual limitation with respect to the Pre-Change Losses, as of the date of the subsequent "ownership change," would be zero.

Where the 382(l)(5) Exception is not applicable to a corporation in bankruptcy (either because the debtor does not qualify for the 382(l)(5) Exception or the debtor affirmatively elects to not have the 382(l)(5) Exception apply to the debtor's "ownership change"), a second special rule will generally apply (the "***382(l)(6) Exception***"). Under the 382(l)(6) Exception, the annual limitation is calculated by reference to the lesser of the value of the reorganized debtor corporation's new stock (with certain adjustments) immediately after the ownership change or the value of such debtor corporation's assets (determined without regard to liabilities) immediately before the ownership change. This differs from the ordinary rule that requires the annual limitation to be determined based on the fair market value the equity of a debtor corporation that undergoes an "ownership change" to be determined immediately before the events giving rise to the "ownership change." The 382(l)(6) Exception does not require the application of the Interest Haircut to the debtor's NOL carryovers. Further, if the 382(l)(6) Exception applies, a debtor that experiences a subsequent "ownership change" would be subject to the general section 382 annual limitation rules with respect to Pre-Change Losses as of the date of the subsequent "ownership change."

The Debtors have not yet determined whether or not the 382(l)(5) Exception will apply in connection with the Prepackaged Plan. It is possible that the Debtors will not qualify for the 382(l)(5) Exception, or may elect to not have the 382(l)(5) Exception apply if the Debtors qualify for the 382(l)(5) Exception. In either such case, the Debtors expect that their use of the Pre-Change Losses (if any) after the Effective Date will be subject to limitation based on the 382(l)(6) Exception. Regardless of whether the Reorganized Debtors take advantage of the 382(l)(6) Exception or the 382(l)(5) Exception, the Reorganized Debtors' use of their Pre-Change Losses after the Effective Date may be adversely affected if a subsequent "ownership change" within the meaning of section 382 of the Tax Code were to occur after the Effective Date.

5. Alternative Minimum Tax

In general, an AMT is imposed on a corporation's alternative minimum taxable income ("***AMTI***") at a 20 percent rate to the extent such tax exceeds the corporation's regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. For example, under the adjusted current earnings ("***ACE***") provisions of the Tax Code, which provides for certain additional adjustments to AMTI, section 56(g)(4)(G) of the Tax Code requires a corporation that has a net unrealized built-in loss in its assets at the time it experiences an "ownership change" (as discussed above), to adjust, for purposes of the ACE adjustment to AMT, the basis of each asset of the corporation immediately after the ownership change to be equal to its proportionate share (determined on the basis of respective fair market values) of the fair market value of the assets of the corporation, as determined under section 382(h) of the Tax Code, immediately before the ownership change. The effect of this ACE adjustment may increase the amount of AMT owed by the Reorganized Debtors for the tax years including and following the Effective Date. This adjustment to ACE basis is effective for any corporation with a net unrealized built-in loss at the time it experiences an "ownership change" irrespective of whether the 382(l)(5) Exception or 382(l)(6) Exception applies to the "ownership change."

B. <u>Consequences to Holders of Certain Claims</u>

This summary discusses the U.S. federal income tax consequences to holders of Unsecured Notes Claims who are U.S. Holders and does not discuss tax consequences for those who are not U.S. Holders. As used herein, the term "***U.S. Holder***" means a beneficial owner of Unsecured Notes Claims, Subscription Rights, New Convertible Notes or New Common Shares, that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;

- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust, if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all of its substantial decisions, or if the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If a partnership or other entity or arrangement taxable as a partnership for U.S. federal income tax purposes holds Unsecured Notes Claims, Subscription Rights, New Convertible Notes or New Common Shares, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. If you are a partner in such a partnership holding any of such instruments, you should consult your own tax advisor.

1. Holders of Unsecured Notes Claims

Pursuant to the Prepackaged Plan, holders of Unsecured Notes Claims will receive New Common Shares and Subscription Rights in complete and final satisfaction of their respective Unsecured Notes Claims.

The U.S. federal income tax consequences of the Prepackaged Plan to a U.S. Holder of Unsecured Notes Claims depends, in part, on whether the holder's Claim constitutes a "security" of Basic Parent for U.S. federal income tax purposes. This determination is made separately for each type of Unsecured Notes Claim. If an Unsecured Notes Claim constitutes a security of Basic Parent, then the receipt of New Common Shares and, subject to the discussion below, Subscription Rights in accordance with the Prepackaged Plan should be treated as part of a tax "reorganization" for U.S. federal income tax purposes, with the consequences described below in B.1.(b) —"Reorganization Treatment." If, on the other hand, an Unsecured Notes Claim does not constitute a security of Basic Parent, then the receipt of New Common Shares and Subscription Rights in exchange therefor will be treated as a fully taxable transaction, with the consequences described below in B.1.(a) —"Fully Taxable Exchange."

The term "security" is not defined in the Tax Code or in the Treasury regulations issued thereunder and has not been clearly defined by judicial decisions. The determination of whether a particular debt obligation constitutes a "security" depends on an overall evaluation of the nature of the debt, including whether the holder of such debt obligation is subject to a material level of entrepreneurial risk and whether a continuing proprietary interest is intended or not. One of the most significant factors considered in determining whether a particular debt obligation is a security is its original term. In general, debt obligations issued with a weighted average maturity at issuance of less than five (5) years do not constitute securities, whereas debt obligations with a weighted average maturity at issuance of ten (10) years or more constitute securities. Although the matter is not free from doubt, the Debtors intend to take the position that the Unsecured Notes Claims constitute "securities" for the U.S. federal income tax purposes. Holders of Unsecured Notes Claims are urged to consult their own tax advisors regarding the appropriate status for U.S. federal income tax purposes of their Unsecured Notes Claims.

Whether the receipt of the Subscription Rights constitutes a part of a tax "reorganization" for U.S. federal income tax purposes will depend on whether the Subscription Rights constitute "securities," which could depend on the characterization of the Subscription Rights as options to acquire the underlying New Convertible Notes or as transitory instruments in an integrated transaction pursuant to which the

underlying New Convertible Notes are acquired directly by holders in the exchange. We have not yet determined our reporting position with respect to whether the Subscription Rights constitute "securities" for U.S. federal income tax purposes. Once we have made our determination, we intend to notify U.S. Holders of Subscription Rights of our reporting position which may be pursuant to a website announcement. Each U.S. Holder of Subscription Rights is urged to consult its own tax advisor with respect to whether the Subscription Rights constitute "securities" for U.S. federal income tax purpose. Although the discussion below generally refers to the Subscription Rights as part of the consideration received in respect of an Unsecured Notes Claim, under an alternative characterization it may be possible to integrate the transaction and view a direct interest in the New Convertible Notes as part of the consideration received in respect of an Unsecured Notes Claim. *See* C.1. — "Treatment of Subscription Rights and New Convertible Notes – Status of Subscription Rights as Options or New Convertible Notes," below.

(a) Fully Taxable Exchange

In general, if the exchange of a Unsecured Notes Claim pursuant to the Prepackaged Plan is a fully taxable exchange, a U.S. Holder should recognize gain or loss in an amount equal to the difference, if any, between (i) the aggregate fair market value of all consideration received in the exchange therefor (other than any exchange consideration received in respect of a claim for accrued but unpaid interest and possibly accrued OID), which will include the New Common Shares and either the Subscription Rights or the Mandatory Convertible Notes, depending on the tax law treatment of the Subscription Rights, and (ii) the holder's adjusted tax basis in the Unsecured Notes Claims exchanged (other than any tax basis attributable to accrued but unpaid interest and possibly accrued OID). *See* B.3. — "Character of Gain or Loss," below. In addition, a U.S. Holder of a Unsecured Notes Claim will have interest income to the extent of any exchange consideration allocable to accrued but unpaid interest not previously included in income. *See* B.2. — "Distributions in Discharge of Accrued Interest," below.

In the case of a taxable exchange, a U.S. Holder's tax basis in the New Common Shares, and to the extent a U.S. Holder's receipt of the Subscription Rights is characterized as the receipt of an option, the Subscription Rights, received in respect of its Unsecured Notes Claim on the Effective Date should equal their respective fair market values on the Effective Date.

(b) Reorganization Treatment

If an Unsecured Notes Claim constitutes a security of Basic Parent, the receipt of New Common Shares and Subscription Rights in exchange therefor will qualify for reorganization exchange treatment for U.S. federal income tax purposes. The classification as a reorganization exchange generally serves to defer the recognition of any taxable gain or loss by the U.S. Holder. However, a U.S. Holder generally is still required to recognize any gain to the extent the holder receives consideration other than stock or "securities" of the exchanging company. Accordingly, a U.S. Holder of a Unsecured Notes Claim generally will not recognize any loss upon the exchange, but will recognize any gain (computed as described in the preceding section) to the extent of the fair market value of the Subscription Rights received in the exchange if the Subscription Rights do not constitute "securities" of Basic Parent. In addition, even within an otherwise tax-free exchange, a U.S. Holder will have interest income to the extent of any exchange consideration allocable to accrued but unpaid interest not previously included in income (*See* B.2. — "Distributions in Discharge of Accrued Interest," below).

In a reorganization exchange, a U.S. Holder's aggregate tax basis in the New Common Shares and Subscription Rights (if the Subscription Rights constitute "securities") received will equal such holder's aggregate adjusted tax basis in the Unsecured Notes Claims exchanged therefor, increased by any gain or interest income recognized in the exchange and decreased by any exchange consideration that does not

constitute stock or "securities" of Reorganized Basic Parent. Such aggregate tax basis presumably should be allocated among the New Common Shares and Subscription Rights (if the Subscription Rights constitute "securities") received in accordance with their relative fair market values. If the Subscription Rights do not constitute "securities" of Reorganized Basic Parent, then a U.S. Holder's tax basis in the Subscription Rights received may be their fair market value. *See* C.—"Treatment of Subscription Rights and New Convertible Notes" below. In a reorganization exchange, a U.S. Holder's holding period in the New Common Shares and Subscription Rights (if the Subscription Rights constitute "securities") received will include its holding period in the Unsecured Notes Claims exchanged therefor, except to the extent of any exchange consideration received in respect of accrued but unpaid interest.

2. Distributions in Discharge of Accrued Interest

In general, to the extent that any exchange consideration received pursuant to the Prepackaged Plan by a U.S. Holder of a Claim is received in satisfaction of interest accrued during its holding period, such amount will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, a U.S. Holder may be entitled to recognize a deductible loss to the extent any accrued interest or amortized OID was previously included in its gross income and is not paid in full. However, the IRS has privately ruled that a holder of a "security" of a corporate issuer, in an otherwise tax-free exchange, could not claim a current deduction with respect to any unpaid OID. Accordingly, it is also unclear whether, by analogy, a U.S. Holder of a Unsecured Notes Claim that does not constitute a "security" would be required to recognize a capital loss, rather than an ordinary loss, with respect to previously included OID that is not paid in full.

The Prepackaged Plan provides that consideration received in respect of an Unsecured Notes Claim is allocable first to the principal amount of the Claim (as determined for U.S. federal income tax purposes) and then, to the extent of any excess, to any Claim for accrued but unpaid interest. *See* section 6.12 of the Prepackaged Plan. There is no assurance that the IRS will respect such allocation for U.S. federal income tax purposes. You are urged to consult your own tax advisor regarding the allocation of consideration received under the Prepackaged Plan, as well as the deductibility of accrued but unpaid interest (including OID) and the character of any loss claimed with respect to accrued but unpaid interest (including OID) previously included in gross income for U.S. federal income tax purposes.

3. Character of Gain or Loss

Where gain or loss is recognized by a U.S. Holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the Claim constitutes a capital asset in the hands of the holder and how long it has been held, whether the Claim was acquired at a market discount, and whether and to what extent the holder previously claimed a bad debt deduction.

A U.S. Holder that purchased its Unsecured Notes Claims from a prior holder at a "market discount" (relative to the principal amount of the Claims at the time of acquisition) may be subject to the market discount rules of the Tax Code. In general, a debt instrument is considered to have been acquired with "market discount" if the holder's adjusted tax basis in the debt instrument is less than (i) its stated principal amount or (ii) in the case of a debt instrument issued with OID, its adjusted issue price, in each case, by at least a de minimis amount. Under these rules, any gain recognized on the exchange of Claims (other than in respect of a Claim for accrued but unpaid interest) generally will be treated as ordinary income to the extent of the market discount accrued (on a straight line basis or, at the election of the holder, on a constant yield basis) during the holder's period of ownership, unless the holder elected to include the market discount in income as it accrued. If a U.S. Holder of Claims did not elect to include market discount in income as it accrued and, thus, under the market discount rules, was required to defer

all or a portion of any deductions for interest on debt incurred or maintained to purchase or carry its Claims, such deferred amounts would become deductible at the time of the exchange but, if the exchange is a reorganization exchange, only up to the amount of gain that the holder recognizes in the exchange.

In the case of an exchange of Unsecured Notes Claims that qualifies as a reorganization exchange, the Tax Code indicates that any accrued market discount in respect of the Unsecured Notes Claims should not be currently includible in income under Treasury regulations to be issued. Rather, such accrued market discount should carry over to any nonrecognition property received in exchange therefor (i.e., to the New Common Shares and Subscription Rights, if such Subscription Rights constitute "securities", received in the exchange). Any gain recognized by a U.S. Holder upon a subsequent disposition of such New Common Shares or Subscription Rights would be treated as ordinary income to the extent of any accrued market discount not previously included in income. To date, specific Treasury regulations implementing this rule have not been issued.

C. Treatment of Subscription Rights and New Convertible Notes

1. Status of Subscription Rights as Options or New Convertible Notes

The characterization of the Subscription Rights and their subsequent exercise for U.S. federal income tax purposes – as simply the exercise of options to acquire the underlying New Convertible Notes or, alternatively, as an integrated transaction pursuant to which the underlying New Convertible Notes are acquired directly in partial satisfaction of a holder's Unsecured Notes Claim – is uncertain.

Regardless of the characterization of the Subscription Rights, a U.S. Holder of Subscription Rights generally would not recognize any gain or loss upon the exercise of such Subscription Rights (beyond the gain or loss recognized in respect of its Claim, as described above).

2. Ownership and Disposition of New Convertible Notes

(a) Status of New Convertible Notes as Debt or Equity

For an instrument with both debt-like and equity-like features to be considered "debt" for U.S. federal income tax purposes, the instrument must represent an unqualified obligation to pay a sum certain with interest regardless of the debtor's income or lack thereof. Conversely, if there is not an unqualified obligation to pay a sum certain, and the instrument represents an embarking on the corporate venture such that the holder takes the risks of loss so that it might share in the profits of success, such instrument generally will be considered "stock" for U.S. federal income tax purposes. Congress and Treasury have generally left such determination up to the courts, which have developed a multi-factored test based on facts and circumstances with no one factor determinative. Because the New Convertible Notes are mandatorily convertible into New Common Shares upon the earlier of a number of specified events, the New Convertible Notes do not have a fixed maturity date and an unlimited participation in the corporation's growth and, consequently, the Debtors believe that the New Convertible Notes are properly regarded as "stock" for U.S. federal income tax purposes, and the discussion herein so assumes.

Moreover, the Prepackaged Plan provides (as will the governing instrument) that all parties, including the Reorganized Debtors and all holders of Unsecured Notes Claims who receive New Convertible Notes pursuant to the Prepackaged Plan, must treat the New Convertible Notes as stock (that is not preferred stock for purposes of Section 305 of the Code) of Reorganized Basic Parent for U.S. federal income tax purposes. In addition, to the extent permitted by applicable law, all parties must report consistent therewith for U.S. state and local income tax purposes.

(b) PIK Interest/Distributions

In accordance with the terms of the New Convertible Notes, Reorganized Basic Parent will pay all the interest due on the New Convertible Notes as PIK interest, thereby increasing the aggregate principal amount of the New Convertible Notes. Assuming, as discussed above, that the New Convertible Notes are treated as "stock" for U.S. federal income tax purposes, the PIK interest paid on the New Convertible Notes may be treated as a deemed distribution of additional stock of Reorganized Basic Parent to holders of New Convertible Notes. It is unclear whether such deemed distribution of stock with respect to the New Convertible Notes would be taxable or tax-free to the U.S. Holders of New Convertible Notes. Each U.S. Holder of Unsecured Note Claims is urged to consult its own tax advisor with respect to the treatment of PIK interest on the New Convertible Notes for U.S. federal income tax purposes.

(c) Disposition of New Convertible Notes

Unless a nonrecognition provision applies and subject to the discussion above with respect to market discount (*see* B.3.—"Consequences to Holders of Certain Claims – Character of Gain or Loss," above) and the discussion below, U.S. Holders generally will recognize capital gain or loss upon the sale or exchange of the New Convertible Notes in an amount equal to the difference between (i) the holder's adjusted tax basis in the New Convertible Notes held and (ii) the sum of the cash and the fair market value of any property received from such disposition. Any such gain or loss generally should be long-term capital gain or loss if the holder's holding period for its New Convertible Notes held is more than one year at that time. A reduced tax rate on long-term capital gain may apply to non-corporate holders. The deductibility of capital loss is subject to significant limitations.

Any gain recognized by a U.S. Holder upon a subsequent disposition of the New Convertible Notes (or any stock or property received for such New Convertible Notes in a later tax-free exchange) received in exchange for a Unsecured Notes Claim will be treated as ordinary income for U.S. federal income tax purposes to the extent of (i) any ordinary loss deductions incurred upon exchange or previously as a result of the write-down of the Unsecured Notes Claim, decreased by any income (other than interest income) recognized by the holder upon exchange of the Unsecured Notes Claim, and (ii) with respect to a cash-basis holder and in addition to clause (i) above, any amounts which would have been included in its gross income if the holder's Unsecured Notes Claim had been satisfied in full but which was not included by reason of the cash method of accounting.

3. Exercise of Subscription Rights

Regardless of the characterization of the Subscription Rights, a U.S. Holder of Subscription Rights generally would not recognize any gain or loss upon the exercise of such Subscription Rights.

A U.S. Holder's aggregate tax basis in the New Convertible Notes received upon exercise of a Subscription Right should be equal to the sum of (i) the amount paid for the New Convertible Notes and (ii) the holder's tax basis, if any, in the Subscription Rights or, alternatively, under an integrated transaction analysis, in any New Convertible Notes that are treated as directly acquired in partial satisfaction of the holder's Unsecured Notes Claim. A U.S. Holder's holding period in the New Convertible Notes received upon exercise of a Subscription Right generally should commence the day following the Effective Date, unless the Subscription Right is disregarded and the holder is instead treated as receiving for its Unsecured Notes Claim a portion of the New Convertible Notes acquired equal in value to the Subscription Rights. In the latter event, the U.S. Holder could have a split holding period (part new and part carry over) if the receipt of the New Convertible Notes was part of a "reorganization" exchange for U.S. federal income tax purposes. In addition, if either the Subscription Rights or, under an integrated transaction analysis, the New Convertible Notes acquired are treated as received as part of a

reorganization exchange, any gain recognized upon a subsequent disposition of the New Convertible Notes may be treated as ordinary income to the extent of any carryover of accrued market discount not previously included in income (*see* B.3.— "Consequences to Holders of Certain Claims – Character of Gain or Loss," above).

It is uncertain whether a U.S. Holder that does not exercise a Subscription Right should be treated as receiving anything of additional value in respect of its Unsecured Notes Claim. If the U.S. Holder is treated as having received a Subscription Right of value (despite its subsequent lapse), such that it obtains a tax basis in the right, the U.S. Holder generally would recognize a loss to the extent of the U.S. Holder's tax basis in the Subscription Right. In general, such gain or loss would be a capital gain or loss, long-term or short-term, depending upon whether the requisite holding period was satisfied (taking into account that the receipt of the Subscription Rights in partial satisfaction of a Unsecured Notes Claim could be part of a reorganization exchange, even if the right goes unexercised, such that the U.S. Holder may carry over the holding period in its Unsecured Notes Claim).

D. Consequences to Holders of New Common Shares

1. Distributions on New Common Shares

The gross amount of any distribution of cash or property made to a U.S. Holder with respect to New Common Shares generally will be includible in gross income by a U.S. Holder as dividend income to the extent such distribution is paid out of current or accumulated earnings and profits of Reorganized Basic Parent, as determined under U.S. federal income tax principles. Dividends received by non-corporate U.S. Holders may qualify for reduced rates of taxation. Subject to applicable limitations, a distribution which is treated as a dividend for U.S. federal income tax purposes may qualify for the dividends-received deduction if such amount is distributed to a U.S. Holder that is a corporation and certain holding period and other requirements are satisfied. Any dividend received by a U.S. Holder that is a corporation may be subject to the "extraordinary dividend" provisions of the Tax Code.

A distribution in excess of current and accumulated earnings and profits of the Reorganized Basic Parent, as determined under U.S. federal income tax principles, first will be treated as a return of capital to the extent of the U.S. Holder's adjusted tax basis in its New Common Shares and will be applied against and reduce such basis dollar-for-dollar (thereby increasing the amount of gain or decreasing the amount of loss recognized on a subsequent taxable disposition of the New Common Shares). To the extent that such distribution exceeds the U.S. Holder's adjusted tax basis in its New Common Shares, the distribution will be treated as capital gain, which will be treated as long-term capital gain if such U.S. Holder's holding period in its New Common Shares exceeds one year as of the date of the distribution.

2. Sale, Exchange or Other Taxable Disposition of New Common Shares

Subject to the discussion of market discount below, for U.S. federal income tax purposes, a U.S. Holder generally will recognize capital gain or loss on the sale, exchange, or other taxable disposition of any of its New Common Shares in an amount equal to the difference, if any, between the amount realized for the New Common Shares and the U.S. Holder's adjusted tax basis in the New Common Shares. Capital gains of non-corporate U.S. Holders derived with respect to a sale, exchange, or other taxable disposition of New Common Shares held for more than one year may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Notwithstanding the foregoing, any gain recognized by a U.S. Holder upon a subsequent disposition of the New Common Shares received in exchange for a Claim will be treated as ordinary income for U.S. federal income tax purposes to the extent of (i) any ordinary loss deductions incurred upon exchange of the Claim or previously as a result of the write-down of the Claim, decreased by any income (other than interest income) recognized by the

U.S. Holder upon exchange of the Claim, and (ii) with respect to a cash-basis U.S. Holder and in addition to clause (i) above, any amounts which would have been included in its gross income if the U.S. Holder's Claim had been satisfied in full but which was not included by reason of the cash method of accounting.

Any gain recognized upon the sale, exchange or other disposition of New Common Shares by a U.S. Holder that received such shares in exchange for a Claim with respect to which such U.S. Holder had accrued but untaxed market discount at the time of the exchange, and which shares were treated as received in a recapitalization, should be included in the U.S. Holder's ordinary income to the extent of such accrued but untaxed market discount. In addition, if such a U.S. Holder of a Claim was required under the market discount rules of the Tax Code to defer its deduction of all or a portion of the interest in indebtedness incurred or maintained to acquire or carry such Claim, continued deferral of the deduction for interest on such indebtedness may be required. Any such deferred interest expense would be attributed to the New Common Shares received in exchange for the Claim, and may be treated as interest paid or accrued in the year in which the New Common Shares are sold, exchanged or otherwise disposed of.

E. Information Reporting and Backup Withholding

Payments of interest (including accruals of OID) or dividends and any other reportable payments, possibly including amounts received pursuant to the Prepackaged Plan and payments of proceeds from the sale, retirement or other disposition of the exchange consideration, may be subject to "backup withholding" (currently at a rate of 28%) if a recipient of those payments fails to furnish to the payor certain identifying information and, in some cases, a certification that the recipient is not subject to backup withholding. Backup withholding is not an additional tax. Any amounts deducted and withheld generally should be allowed as a credit against that recipient's U.S. federal income tax, provided that appropriate proof is timely provided under rules established by the IRS. Furthermore, certain penalties may be imposed by the IRS on a recipient of payments who is required to supply information but who does not do so in the proper manner. Backup withholding generally should not apply with respect to payments made to certain exempt recipients, such as corporations and financial institutions. Information may also be required to be provided to the IRS concerning payments, unless an exemption applies. You should consult your own tax advisor regarding your qualification for exemption from backup withholding and information reporting and the procedures for obtaining such an exemption.

Treasury regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of certain thresholds. You are urged to consult your own tax advisor regarding these regulations and whether the contemplated transactions under the Prepackaged Plan would be subject to these regulations and require disclosure on your tax return.

The foregoing summary has been provided for informational purposes only and does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular holder of a Claim's circumstances and income tax situation. All holders of Claims are urged to consult their tax advisors concerning the federal, state, local, non U.S., and other tax consequences applicable under the Prepackaged Plan.

XI.
CERTAIN RISK FACTORS TO BE CONSIDERED

Prior to voting to accept or reject the Prepackaged Plan, holders of Claims and Interests should read and carefully consider the risk factors set forth below, in addition to the information set forth in this

Disclosure Statement together with any attachments, exhibits, or documents incorporated by reference hereto. The factors below should not be regarded as the only risks associated with the Prepackaged Plan or its implementation. Documents filed with the SEC may contain important risk factors that differ from those discussed below, and such risk factors are incorporated as if fully set forth herein and are a part of this Disclosure Statement. Copies of any document filed with the SEC may be obtained by visiting the SEC website at http://www.sec.gov.

A. Certain Bankruptcy Law Considerations

1. General

While the Debtors believe that the Chapter 11 Cases will be of short duration and will not be materially disruptive to their businesses, the Debtors cannot be certain that this will be the case. Although the Prepackaged Plan is designed to minimize the length of the Chapter 11 Cases, it is impossible to predict with certainty the amount of time that one or more of the Debtors may spend in bankruptcy or to assure parties in interest that the Prepackaged Plan will be confirmed. Even if confirmed on a timely basis, bankruptcy proceedings to confirm the Prepackaged Plan could have an adverse effect on the Debtors' business. Among other things, it is possible that bankruptcy proceedings could adversely affect the Debtors' relationships with their key customers and employees. The proceedings will also involve additional expense and may divert some of the attention of the Debtors' management away from business operations.

2. Risk of Non-Confirmation of the Prepackaged Plan

Although the Debtors believe that the Prepackaged Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications to the Prepackaged Plan will not be required for confirmation or that such modifications would not necessitate re-solicitation of votes. Moreover, the Debtors can make no assurances that they will receive the requisite votes for acceptance to confirm the Prepackaged Plan. Even if all Voting Classes vote in favor of the Prepackaged Plan or the requirements for "cramdown" are met with respect to any Class that rejected the Prepackaged Plan, the Bankruptcy Court could decline to confirm the Prepackaged Plan if it finds that any of the statutory requirements for Confirmation are not met. If the Prepackaged Plan is not confirmed, it is unclear what distributions holders of Claims or Interests ultimately would receive with respect to their Claims or Interests in a subsequent plan of reorganization. Furthermore, if the Prepackaged Plan is not confirmed, the Restructuring Support Agreement could be terminated, and if the Restructuring Support Agreement were to be terminated, the Term Loan Lenders could assert additional claims for payment of the Make-Whole that would become due upon filing of the petition under the terms of the Term Loan Agreement, which, if successful, would increase the Term Loan Claims by an additional $58 million.

3. Non-Consensual Confirmation

In the event that any impaired class of claims or equity interests does not accept or is deemed not to accept a plan of reorganization, a bankruptcy court may nevertheless confirm such plan at the proponent's request if at least one impaired class has voted to accept the plan (with such acceptance being determined without including the vote of any "insider" in such class), and as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. Should any Class vote to reject the Prepackaged Plan, then these requirements must be satisfied with respect to such rejecting Classes. The Debtors believe that the Prepackaged Plan satisfies these requirements.

4. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to the timing of the Effective Date. If the conditions precedent to the Effective Date set forth in the Prepackaged Plan have not occurred or have not been waived as set forth in Article IX of the Prepackaged Plan, then the Confirmation Order may be vacated, in which event no distributions would be made under the Prepackaged Plan, the Debtors and all holders of Claims or Interests would be restored to the status quo as of the day immediately preceding the Confirmation Date, and the Debtors' obligations with respect to Claims and Interests would remain unchanged.

5. Risk of Termination of the Restructuring Support Agreement

The Restructuring Support Agreement contains certain provisions that give the Requisite Creditors (as defined in the Restructuring Support Agreement) the ability to terminate the Restructuring Support Agreement if various conditions are satisfied. As noted above, termination of the Restructuring Support Agreement could result in protracted Chapter 11 Cases, which could significantly and detrimentally impact the Debtors' relationships with vendors, suppliers, employees, and major customers. Additionally, if the Restructuring Support Agreement were to be terminated, the Term Loan Lenders could assert additional claims for payment of the Make-Whole that would become due upon filing of the petition under the terms of the Term Loan Agreement, which, if successful, would increase the Term Loan Claims by an additional $58 million.

6. Conversion into Chapter 7 Cases

If no plan of reorganization can be confirmed, or if the Bankruptcy Court otherwise finds that it would be in the best interest of holders of Claims and Interests, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed or elected to liquidate the Debtors' assets for distribution in accordance with the priorities established by the Bankruptcy Code. See section XV.C. hereof, as well as the Liquidation Analysis attached hereto as **Exhibit D**, for a discussion of the effects that a chapter 7 liquidation would have on the recoveries of holders of Claims and Interests.

B. Additional Factors Affecting the Value of the Reorganized Debtors

1. Claims Could Be More than Projected

There can be no assurance that the estimated Allowed amount of Claims in certain Classes will not be significantly more than projected, which in turn, could cause the value of distributions to be reduced substantially. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the ultimate results. Therefore, the actual amount of Allowed Claims may vary from the Projections and feasibility analysis, and the variation may be material.

2. Projections and Other Forward-Looking Statements Are Not Assured, and Actual Results May Vary

Certain of the information contained in this Disclosure Statement is, by nature, forward-looking, and contains estimates and assumptions, which might ultimately prove to be incorrect, and projections, which may be materially different from actual future experiences. There are uncertainties associated with any projections and estimates, and they should not be considered assurances or guarantees of the amount of funds or the amount of Claims in the various Classes that might be allowed.

C. Risks Relating to the Debtors' Businesses and Financial Condition

1. Post-Effective Date Indebtedness

Following the Effective Date, the Reorganized Debtors will have outstanding secured indebtedness of approximately $164.175 million under the Amended and Restated Term Loan. Following the Effective Date, the Reorganized Debtors will also have approximately $131.25 million in unsecured debt on account of the New Convertible Notes, until such time as the New Convertible Notes are converted into New Common Shares in accordance with the Prepackaged Plan. The New Convertible Notes are 9% PIK interest notes. Accordingly, no interest payments will be made by the Reorganized Debtors on account of the New Convertible Notes unless Reorganized Basic Parent defaults under the New Convertible Notes Indenture. The Reorganized Debtors' ability to service their debt obligations will depend, among other things, on their future operating performance, which depends partly on economic, financial, competitive, and other factors beyond the Reorganized Debtors' control. The Reorganized Debtors may not be able to generate sufficient cash from operations to meet their debt service obligations as well as fund necessary capital expenditures and investments in sales and marketing. In addition, if the Reorganized Debtors need to refinance their debt, obtain additional financing, or sell assets or equity, they may not be able to do so on commercially reasonable terms, if at all.

2. Refinancing the ABL Facility

Under the Prepackaged Plan, on the Effective Date, on account of its Allowed ABL Facility Claim, each holder of an Allowed ABL Facility Claim will receive, in full and final satisfaction of its Allowed ABL Facility Claim, (i) payment in full of its Claim and termination of all letters of credit issued under the ABL Credit Agreement or, (ii) its Pro Rata share of the Amended and Restated ABL Facility (if each of the ABL Lenders consents to enter into the Amended and Restated ABL Facility), or (iii) such other consideration satisfactory to each holder of an Allowed ABL Facility Claim.

The Debtors do not have a commitment from the ABL Lenders on the terms of an Amended and Restated ABL Facility, or any agreement with the ABL Lenders as to their treatment under the Prepackaged Plan that the ABL Lenders would accept other than payment in full and termination of all letters of credit issued under the ABL Facility. There is no assurance that the Debtors will be able to obtain the agreement of the ABL Lenders as to their treatment under the Prepackaged Plan or otherwise obtain commitments from third party lenders for the Amended and Restated ABL Facility. If the Debtors are unable to do so, the Prepackaged Plan may not be confirmed or become effective. In either situation, the Restructuring Support Agreement could be terminated, and if the Restructuring Support Agreement were to be terminated, the Term Loan Lenders could assert additional claims for payment of the Make-Whole that would become due upon filing of the petition under the terms of the Term Loan Agreement, which, if successful, would increase the Term Loan claims by an additional $58 million.

D. Factors Relating to Securities to Be Issued Under the Prepackaged Plan, Generally

1. Market for Securities

Upon filing the Prepackaged Plan, the NYSE will have broad discretion to suspend trading in Basic Parent's shares and commence de-listing proceedings. There can be no assurance as to whether or not shares will be delisted upon or after filing of the Prepackaged Plan or whether the New Common Shares of Reorganized Basic Parent will be listed upon or after the Effective Date of the Prepackaged Plan. Basic Parent has agreed to use its reasonable best efforts to list the New Common Shares on a nationally recognized exchange as soon as practicable, subject to meeting the applicable listing requirements

following the Effective Date. However, there can be no assurance as to when or whether any such listing will occur.

2. Potential Dilution

The ownership percentage represented by the New Common Shares distributed on the Effective Date under the Prepackaged Plan will be subject to dilution from the equity issued in connection with the Management Incentive Program, the Warrants, the conversion of the New Convertible Notes, any other shares that may be issued post-emergence, and the conversion of any options, warrants, convertible securities, exercisable securities, or other securities that may be issued post-emergence.

In particular, conversion of the New Convertible Notes will dilute the ownership interest of any existing shareholders. In the future, similar to all companies, additional equity financings or other share issuances by any of the Reorganized Debtors could adversely affect the value of the New Common Shares issuable upon such conversion. The amount and dilutive effect of any of the foregoing could be material.

E. Risks Related to an Investment in the New Convertible Notes

1. Insufficient Cash Flow to Meet Debt Obligations

On the Effective Date, on a consolidated basis, it is expected that the Reorganized Debtors will have total secured indebtedness of approximately $164.175 million under the Amended and Restated Term Loan Facility and approximately $131.25 million in unsecured notes on account of the New Convertible Notes. The New Convertible Notes are 9% PIK interest notes. Accordingly, no interest payments will be made by the Reorganized Debtors on account of the New Convertible Notes unless the Reorganized Debtors default under the New Convertible Notes Indenture.

Upon conversion of the New Convertible Notes, the Debtors will still have approximately $164.175 million in secured debt. This level of expected indebtedness and the funds required to service such debt could, among other things, make it more difficult for the Reorganized Debtors to satisfy their obligations under such indebtedness, increasing the risk that they may default on their debt obligations.

The Reorganized Debtors' earnings and cash flow may vary significantly from year to year due to the cyclical nature of the oil and gas industry. Additionally, the Reorganized Debtors' future cash flow may be insufficient to meet their debt obligations and commitments, including the Amended and Restated Term Loan Facility. Any insufficiency could negatively impact the Reorganized Debtors' business. A range of economic, competitive, business, and industry factors will affect the Reorganized Debtors' future financial performance and, as a result, their ability to generate cash flow from operations and to pay their debt, including the Amended and Restated Term Loan Facility. Many of these factors, such as oil prices, economic and financial conditions in the United States drilling and well servicing industry, as well as competitive initiatives of competitors, are beyond the Reorganized Debtors' control.

If the Reorganized Debtors do not generate enough cash flow from operations to satisfy their debt obligations, they may have to undertake alternative financing plans, such as:

(a) Refinancing or restructuring debt;

(b) Selling assets;

(c) Reducing or delaying capital investments; or

(d) Seeking to raise additional capital.

It cannot be assured, however, that undertaking alternative financing plans, if necessary, would allow the Reorganized Debtors to meet their debt obligations. An inability to generate sufficient cash flow to satisfy their debt obligations, including obligations under the Amended and Restated Term Loan Facility, or to obtain alternative financing, could materially and adversely affect the Reorganized Debtors' ability to make any payments on the New Convertible Notes, and their businesses, financial condition, results of operations, and prospects.

2. Risk of Recharacterization of New Convertible Notes

Recharacterization of a debt obligation to a capital contribution is an equitable remedy a bankruptcy court may direct if it determines, upon an objection raised by a party in interest, a purported debt obligation is more properly characterized as a capital contribution. In making such a determination, bankruptcy courts consider, among other things, whether the parties intended to create a debt obligation and the nature of the instrument evidencing the obligation. Although the Debtors believe, and intend, the New Convertible Notes to be a bona fide debt obligation, there can be no assurance a bankruptcy court would agree with the Debtors' interpretation.

3. The Conversion Rate Will Only be Adjusted for Stock Splits

The conversion rate of the New Convertible Notes is only subject to adjustment upon certain events, including, among others, stock splits, combinations, or certain other adjustments with respect to the New Common Shares. The conversion rate will not be adjusted for any other events.

4. Changes to New Common Shares Affect Holders of New Convertible Notes

Holders of the New Convertible Notes will not be entitled to any rights with respect to the New Common Shares (including, without limitation, voting rights and rights to participate in any dividends or other distributions on the New Common Shares), but holders of the New Convertible Notes will be subject to all changes affecting the New Common Shares. Holders of the New Convertible Notes will have rights with respect to the New Common Shares only upon conversion. For example, in the event an amendment is proposed to the Reorganized Debtors' certificate of incorporation or by-laws requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of the New Common Shares, such holders will not be entitled to vote on the amendment, although they will, nevertheless, be subject to any changes in the powers, preferences, or rights of the New Common Shares.

5. The New Convertible Notes May Not Be Rated or May Receive a Lower Rating than Anticipated

It is not expected that the Reorganized Debtors will seek a rating on the New Convertible Notes. If, however, one or more rating agencies rates the New Convertible Notes and assigns them a rating lower than the rating expected by investors, or reduces its rating in the future, the market price of the New Convertible Notes, and/or the New Common Shares could be reduced.

F. Risks Related to an Investment in the New Common Shares

1. Significant Holders

Certain holders of Unsecured Notes Claims are expected to acquire a significant ownership interest in the New Common Shares pursuant to the Prepackaged Plan, the Backstop Agreement, and the Rights Offering. If such holders were to act as a group, such holders would be in a position to control the outcome of all actions requiring stockholder approval, including the election of directors, without the approval of other stockholders. This concentration of ownership could also facilitate or hinder a negotiated change of control of the Reorganized Debtors and, consequently, have an impact upon the value of the New Common Shares.

2. Equity Interests Subordinated to the Reorganized Debtors' Indebtedness

In any subsequent liquidation, dissolution, or winding up of the Reorganized Debtors, the New Common Shares would rank below all debt claims against the Reorganized Debtors, including the New Convertible Notes. As a result, holders of the New Common Shares will not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution, or winding up of the Reorganized Debtors until after all the Reorganized Debtors' obligations to their debt holders have been satisfied, including payments to holder of the New Convertible Notes.

3. Implied Valuation of New Common Shares Not Intended to Represent the Trading Value of the New Common Shares

The valuation of the Reorganized Debtors is not intended to represent the trading value of New Common Shares in public or private markets and is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things: (1) prevailing interest rates; (2) conditions in the financial markets; (3) the anticipated initial securities holdings of prepetition creditors, some of whom may prefer to liquidate their investment rather than hold it on a long-term basis; and (4) other factors that generally influence the prices of securities. The actual market price of the New Common Shares is likely to be volatile. Many factors, including factors unrelated to the Reorganized Debtors' actual operating performance and other factors not possible to predict, could cause the market price of the New Common Shares to rise and fall. Accordingly, the implied value, stated herein and in the Prepackaged Plan, of the securities to be issued does not necessarily reflect, and should not be construed as reflecting, values that will be attained for the New Common Shares in the public or private markets.

4. No Intention to Pay Dividends

Reorganized Basic does not anticipate paying any dividends on the New Common Shares as it expects to retain any future cash flows for debt reduction and to support its operations. As a result, the success of an investment in the New Common Shares will depend entirely upon any future appreciation in the value of the New Common Shares. There is, however, no guarantee that the New Common Shares will appreciate in value or even maintain their initial value.

G. Factors Relating to the Rights Offering

1. Debtors Could Modify the Rights Offering Procedures

The Debtors may modify the procedures governing the Rights Offering, with the approval of the Requisite Investors (as defined in the Backstop Agreement), to, among other things, adopt

additional detailed procedures if necessary in the Debtors' business judgment. Such modifications may adversely affect the rights of those participating in the Rights Offering,

2. The Backstop Agreement Has Not Yet Been Executed

The Backstop Parties have not yet signed the Backstop Agreement and may not be compelled to perform under the Backstop Agreement. If the Backstop Agreement is not executed, there is no guarantee that the Rights Offering will be successfully consummated.

3. The Bankruptcy Court Might Not Approve the Backstop Agreement and the Rights Offering Procedures

The Bankruptcy Court's approval of the Backstop Agreement and the Rights Offering Procedures is one of the milestones of the Restructuring Support Agreement. Failure to meet one of the milestones in the Restructuring Support Agreement would provide grounds for terminating the Restructuring Support Agreement and imperil the successful consummation of the Prepackaged Plan.

H. Additional Factors

1. Debtors Could Withdraw Prepackaged Plan

Subject to the terms of, and without prejudice to, the rights of any party to the Restructuring Support Agreement, the Prepackaged Plan may be revoked or withdrawn prior to the Confirmation Date by the Debtors.

2. Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtors have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

3. No Representations Outside this Disclosure Statement Are Authorized

No representations concerning or related to the Debtors, the Chapter 11 Cases, or the Prepackaged Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement.

Any representations or inducements made to secure your vote for acceptance or rejection of the Prepackaged Plan that are other than those contained in, or included with, this Disclosure Statement should not be relied upon in making the decision to vote to accept or reject the Prepackaged Plan.

4. No Legal or Tax Advice Is Provided by this Disclosure Statement

The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Creditor or Equity Interest holder should consult their own legal counsel and accountant as to legal, tax, and other matters concerning their Claim or Equity Interest.

This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Prepackaged Plan or object to confirmation of the Prepackaged Plan.

5. No Admission Made

Nothing contained herein or in the Prepackaged Plan will constitute an admission of, or will be deemed evidence of, the tax or other legal effects of the Prepackaged Plan on the Debtors or holders of Claims or Interests.

6. Certain Tax Consequences

For a discussion of certain tax considerations to the Debtors and certain holders of Claims in connection with the implementation of the Prepackaged Plan, see article X hereof.

XII.
VOTING PROCEDURES AND REQUIREMENTS

Before voting to accept or reject the Prepackaged Plan, each holder of a Term Loan Claim or an Unsecured Notes Claim as of the Record Date (an "***Eligible Holder***") should carefully review the Prepackaged Plan attached hereto as **Exhibit A**. All descriptions of the Prepackaged Plan set forth in this Disclosure Statement are subject to the terms and conditions of the Prepackaged Plan.

A. Voting Deadline

All Eligible Holders have been sent a Ballot together with this Disclosure Statement. Such holders should read the Ballot carefully and follow the instructions contained therein. Please use only the Ballot that accompanies this Disclosure Statement to cast your vote. Special procedures are set forth below for holders of securities through a broker, dealer, commercial bank, trust company, or other agent or nominee ("***Nominee***").

The Debtors have engaged Epiq Bankruptcy Solutions LLC as their voting agent (the "***Voting Agent***") to assist in the transmission of voting materials and in the tabulation of votes with respect to the Prepackaged Plan. **IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE VOTING AGENT AT THE ADDRESS SET FORTH BELOW ON OR BEFORE THE VOTING DEADLINE OF 5:00 P.M., EASTERN TIME, ON NOVEMBER 29, 2016, UNLESS EXTENDED BY THE DEBTORS.**

AN ELIGIBLE HOLDER HOLDING THE SECURED NOTES IN "STREET NAME" THROUGH A NOMINEE MAY VOTE AS FURTHER DESCRIBED BELOW.

IF YOU MUST RETURN YOUR BALLOT TO YOUR NOMINEE, YOU MUST RETURN YOUR BALLOT TO THEM IN SUFFICIENT TIME FOR THEM TO PROCESS IT AND RETURN THE MASTER BALLOT TO THE VOTING AGENT BEFORE THE VOTING DEADLINE.

IF A BALLOT IS DAMAGED OR LOST, YOU MAY CONTACT THE VOTING AGENT AT THE NUMBER SET FORTH BELOW TO RECEIVE A REPLACEMENT BALLOT. ANY BALLOT THAT IS EXECUTED AND RETURNED BUT WHICH DOES NOT INDICATE A VOTE FOR ACCEPTANCE OR REJECTION OF THE PREPACKAGED PLAN WILL NOT BE COUNTED.

IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES, YOU MAY CONTACT THE VOTING AGENT AT:

Epiq Corporate Restructuring
777 Third Avenue, 12th Floor
New York, New York, 10017
Attention: Basic Energy Processing
Tel: (866) 734-9393 or (646) 282-2500

Questions (but not documents) may be directed to tabulation@epiqsystems.com (please reference "Basic Energy" in the subject line)

Additional copies of this Disclosure Statement are available upon request made to the Voting Agent, at the telephone numbers or e-mail address set forth immediately above.

B. Voting Procedures

The Debtors are providing copies of this Disclosure Statement (including all exhibits and appendices), related materials, and a Ballot (collectively, a "***Solicitation Package***") to record holders of the Term Loan Claims and the Unsecured Notes Claims. Record holders of Unsecured Notes may include Nominees. If such entities do not hold Unsecured Notes Claims for their own account, they must provide copies of the Solicitation Package to their customers that are the Eligible Holders thereof as of the Record Date. Any Eligible Holder of Unsecured Notes Claims who has not received a Ballot should contact his, her, or its Nominee, or the Voting Agent.

Holders of Term Loan Claims and Unsecured Notes Claims should provide all of the information requested by the Ballot. Holders of Term Loan Claims and Unsecured Notes Claims should complete and return all Ballots received in the enclosed, self-addressed, postage-paid envelope provided with each such Ballot either to the Voting Agent or their Nominee, as applicable.

The Record Date for determining which holders are entitled to vote on the Prepackaged Plan is October 11, 2016. The applicable indenture trustee under the Unsecured Notes Claims will not vote on behalf of its respective holders. Holders of the Unsecured Notes Claims must submit their own Ballot.

C. Parties Entitled to Vote

Under the Bankruptcy Code, only holders of claims or interests in "impaired" classes are entitled to vote on a plan. Under section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under a plan unless: (i) the plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof; or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan, and, accordingly, holders of such claims and interests do not actually vote on the plan. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on the Prepackaged Plan.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the claims that cast ballots for acceptance or rejection of the plan.

The claims in the following classes are impaired under the Prepackaged Plan and entitled to vote to accept or reject the Prepackaged Plan:

- Class 4 – Term Loan Claims
- Class 5 – Unsecured Notes Claims

1. Beneficial Holders

An Eligible Holder who holds Unsecured Notes Claims as a record holder in its own name should vote on the Prepackaged Plan by completing and signing a Ballot (a "***Beneficial Holder Ballot***") and returning it directly to the Voting Agent on or before the Voting Deadline using the enclosed self-addressed, postage-paid envelope.

An Eligible Holder holding the Unsecured Notes Claims in "street name" through a Nominee may vote on the Prepackaged Plan by one of the following two methods (as selected by such Eligible Holder's Nominee):

- Complete and sign the enclosed Beneficial Holder Ballot. Return the Beneficial Holder Ballot to your Nominee as promptly as possible and in sufficient time to allow such Nominee to process your instructions and return a completed Master Ballot to the Voting Agent by the Voting Deadline. If no self-addressed, postage-paid envelope was enclosed for this purpose, contact the Voting Agent for instructions; or

- Complete and sign the pre-validated Beneficial Holder Ballot (as described below) provided to you by your Nominee. Return the pre-validated Beneficial Holder Ballot to the Voting Agent by the Voting Deadline using the return envelope provided in the Solicitation Package.

Any Beneficial Holder Ballot returned to a Nominee by an Eligible Holder will not be counted for purposes of acceptance or rejection of the Prepackaged Plan until such Nominee properly completes and delivers to the Voting Agent that Beneficial Holder Ballot (properly validated) or a Master Ballot casting the vote of such Eligible Holder.

If any Eligible Holder owns the Unsecured Notes Claims through more than one Nominee, such Eligible Holder may receive multiple mailings containing the Beneficial Holder Ballots. The Eligible Holder should execute a separate Beneficial Holder Ballot for each block of the Unsecured Notes Claims that it holds through any particular Nominee and return each Beneficial Holder Ballot to the respective Nominee in the return envelope provided therewith. Eligible Holders who execute multiple Beneficial Holder Ballots with respect to the Unsecured Notes Claims in a single class held through more than one Nominee must indicate on each Beneficial Holder Ballot the names of all such other Nominees and the additional amounts of such Unsecured Notes Claims so held and voted.

2. Nominees

A Nominee that, on the Record Date, is the record holder of the Unsecured Notes Claims for one or more Eligible Holders can obtain the votes of the Eligible Holders of such Unsecured Notes Claims, consistent with customary practices for obtaining the votes of securities held in "street name," in one of the following two ways:

(a) Pre-Validated Ballots

The Nominee may "pre-validate" a Beneficial Holder Ballot by: (i) signing the Beneficial Holder Ballot and indicating on the Beneficial Holder Ballot the name of the Nominee and DTC Participant Number; (ii) the amount and the account number of the Unsecured Notes Claims held by the Nominee for the Eligible Holder; and (iii) forwarding such Beneficial Holder Ballot, together with this Disclosure Statement, a pre-addressed, postage-paid return envelope addressed to, and provided by, the Voting Agent, and other materials requested to be forwarded, to the Eligible Holder for voting. The Eligible Holder must then complete the information requested in Item 2 and Item 3 of the Beneficial Holder Ballot, and return the Beneficial Holder Ballot directly to the Voting Agent in the pre-addressed, postage-paid return envelope so that it is RECEIVED by the Voting Agent on or before the Voting Deadline. A list of the Eligible Holders to whom "pre-validated" Beneficial Holder Ballots were delivered should be maintained by Nominees for inspection for at least one year from the Voting Deadline.

(b) Master Ballots

If the Nominee elects not to pre-validate Beneficial Holder Ballots, the Nominee may obtain the votes of Eligible Holders by forwarding to the Eligible Holders the unsigned Beneficial Holder Ballots, together with this Disclosure Statement, a pre-addressed, postage-paid return envelope provided by, and addressed to, the Nominee, and other materials requested to be forwarded. Each such Eligible Holder must then indicate his, her, or its vote on the Beneficial Holder Ballot, complete the information requested on the Beneficial Holder Ballot, review the certifications contained on the Beneficial Holder Ballot, execute the Beneficial Holder Ballot, and return the Beneficial Holder Ballot to the Nominee. After collecting the Beneficial Holder Ballots, the Nominee should, in turn, complete a Master Ballot compiling the votes and other information from the Beneficial Holder Ballots, execute the Master Ballot, and deliver the Master Ballot to the Voting Agent so that it is RECEIVED by the Voting Agent on or before the Voting Deadline. All Beneficial Holder Ballots returned by Eligible Holders should either be forwarded to the Voting Agent (along with the Master Ballot) or retained by Nominees for inspection for at least one year from the Voting Deadline. EACH NOMINEE SHOULD ADVISE ITS ELIGIBLE HOLDERS TO RETURN THEIR BENEFICIAL HOLDER BALLOTS TO THE NOMINEE BY A DATE CALCULATED BY THE NOMINEE TO ALLOW IT TO PREPARE AND RETURN THE MASTER BALLOT TO THE VOTING AGENT SO THAT IT IS RECEIVED BY THE VOTING AGENT ON OR BEFORE THE VOTING DEADLINE.

3. Miscellaneous

All Ballots must be signed by the holder of record of the Term Loan Claims, or the Unsecured Notes Claims, as applicable, or any person who has obtained a properly completed Ballot proxy from the record holder of the Term Loan Claims, or Unsecured Notes Claims, as applicable, on such date. For purposes of voting to accept or reject the Prepackaged Plan, the Eligible Holders of the Unsecured Notes Claims will be deemed to be the "holders" of the claims represented by such Unsecured Notes. Unless otherwise ordered by the Bankruptcy Court, Ballots that are signed, dated, and timely received, but on which a vote to accept or reject the Prepackaged Plan has not been indicated, will not be counted. The Debtors, in their sole discretion, may request that the Voting Agent attempt to contact such voters to cure any such defects

in the Ballots. Any ballot marked to both accept and reject the Prepackaged Plan will not be counted. If you return more than one Ballot voting different Term Loan Claims, the Ballots are not voted in the same manner, and you do not correct this before the Voting Deadline, those Ballots will not be counted. If you return more than one Ballot voting different Unsecured Notes Claims, the Ballots are not voted in the same manner, and you do not correct this before the Voting Deadline, those Ballots will not be counted. An otherwise properly executed Ballot (other than a Master Ballot) that attempts to partially accept and partially reject the Prepackaged Plan will likewise not be counted.

The Ballots provided to Eligible Holders will reflect the principal amount of such Eligible Holder's Claim; however, when tabulating votes, the Voting Agent may adjust the amount of such Eligible Holder's Claim by multiplying the principal amount by a factor that reflects all amounts accrued between the Record Date and the Petition Date including, without limitation, interest.

Under the Bankruptcy Code, for purposes of determining whether the requisite votes for acceptance have been received, only holders of the Term Loan Claims and Unsecured Notes Claims, as applicable, who actually vote will be counted. The failure of a holder to deliver a duly executed Ballot to the Voting Agent or its Nominee will be deemed to constitute an abstention by such holder with respect to voting on the Prepackaged Plan and such abstentions will not be counted as votes for or against the Prepackaged Plan.

Except as provided below, unless the Ballot is timely submitted to the Voting Agent before the Voting Deadline together with any other documents required by such Ballot, the Debtors may, in their sole discretion, reject such Ballot as invalid, and therefore decline to utilize it in connection with seeking confirmation of the Prepackaged Plan.

4. Fiduciaries and Other Representatives

If a Beneficial Holder Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or another, acting in a fiduciary or representative capacity, such person should indicate such capacity when signing and, if requested, must submit proper evidence satisfactory to the Debtors of authority to so act. Authorized signatories should submit the separate Beneficial Holder Ballot of each Eligible Holder for whom they are voting.

UNLESS THE BALLOT OR THE MASTER BALLOT IS SUBMITTED TO THE VOTING AGENT ON OR PRIOR TO THE VOTING DEADLINE, SUCH BALLOT WILL BE REJECTED AS INVALID AND WILL NOT BE COUNTED AS AN ACCEPTANCE OR REJECTION OF THE PREPACKAGED PLAN; PROVIDED, HOWEVER, THAT THE DEBTORS RESERVE THE RIGHT, IN THEIR SOLE DISCRETION, TO REQUEST THE BANKRUPTCY COURT TO ALLOW SUCH BALLOT TO BE COUNTED.

5. Agreements Upon Furnishing Ballots

The delivery of an accepting Ballot pursuant to one of the procedures set forth above will constitute the agreement of the creditor with respect to such Ballot to accept: (i) all of the terms of, and conditions to, this Solicitation; and (ii) the terms of the Prepackaged Plan including the injunction, releases, and exculpations set forth in sections 10.5, 10.6, 10.7, 10.8, and 10.9 therein. All parties in interest retain their right to object to confirmation of the Prepackaged Plan pursuant to section 1128 of the Bankruptcy Code, subject to any applicable terms of the Restructuring Support Agreement.

6. Change of Vote

Any party who has previously submitted to the Voting Agent prior to the Voting Deadline a properly completed Ballot may revoke such Ballot and change its vote by submitting to the Voting Agent prior to the Voting Deadline a subsequent, properly completed Ballot voting for acceptance or rejection of the Prepackaged Plan.

D. Waivers of Defects, Irregularities, etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawals of Ballots will be determined by the Voting Agent and/or the Debtors, as applicable, in their sole discretion, which determination will be final and binding. The Debtors reserve the right to reject any and all Ballots submitted by any of their respective creditors not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, as applicable, be unlawful. The Debtors further reserve their respective rights to waive any defects or irregularities or conditions of delivery as to any particular Ballot by any of their creditors. The interpretation (including the Ballot and the respective instructions thereto) by the applicable Debtor, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determines. Neither the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

E. Further Information, Additional Copies

If you have any questions or require further information about the voting procedures for voting your Term Loan Claims, and/or Unsecured Notes Claims, as applicable, or about the packet of material you received, or if you wish to obtain an additional copy of the Prepackaged Plan, this Disclosure Statement, or any exhibits to such documents, please contact the Voting Agent.

XIII.
RIGHTS OFFERING PROCEDURES

A. Introduction

In connection with the Prepackaged Plan and after Bankruptcy Court approval of the Rights Offering Procedures set forth in Exhibit B to the Backstop Agreement (the "***Rights Offering Procedures***")[7], Basic Parent will launch the Rights Offering to Eligible Offerees (as defined below), pursuant to which Eligible Offerees will be entitled to receive their pro rata portion of non-transferable subscription rights to acquire $125 million of 9% mandatorily convertible unsecured PIK notes (the "***New Convertible Notes***") issued by Basic Parent, on the terms and conditions set forth in the Prepackaged Plan at a purchase price equal to 100% of the principal amount of such New Convertible Notes so acquired. An "***Eligible Offeree***" is a holder of an Allowed Unsecured Notes Claim as of the Rights Offering Record Date (as defined below).

[7] In the event of any inconsistency between the Rights Offering Procedures described herein and the Rights Offering Procedures as approved by the Bankruptcy Court, the Rights Offering Procedures approved by the Bankruptcy Courts shall govern.

Only Eligible Offerees may participate in the Rights Offering. The Rights Offering Procedures will govern the ability of Eligible Offerees to participate in the Rights Offering.

All questions relating to these Rights Offering Procedures, other documents associated with the Rights Offering, or the requirements to participate in the Rights Offering should be directed to Epiq Systems, the subscription agent (the "***Subscription Agent***") retained by Basic Parent at:

Epiq Corporate Restructuring
777 Third Avenue, 12th Floor
New York, New York, 10017
Attention: Basic Energy Processing
Tel: (866) 734-9393 or (646) 282-2500

Questions (but not documents) may be directed to tabulation@epiqsystems.com (please reference "Basic Energy" in the subject line)

THIS DISCLOSURE STATEMENT SETS FORTH IMPORTANT INFORMATION THAT SHOULD BE CAREFULLY READ AND CONSIDERED BY EACH ELIGIBLE OFFEREE PRIOR TO MAKING A DECISION TO PARTICIPATE IN THE RIGHTS OFFERING, INCLUDING THE SECTIONS ENTITLED CERTAIN RISK FACTORS TO BE CONSIDERED AND FINANCIAL INFORMATION AND PROJECTIONS.

B. Rights Offering

To fully exercise its right to participate in the Rights Offering (the "***Subscription Rights***"), an Eligible Offeree must (i) complete the rights offering subscription exercise form (the "***Rights Exercise Form***"), which will be sent following the Rights Offering Approval to Eligible Offerees, entitling such holder to exercise its Subscription Rights and (ii) pay the purchase price, which is an amount equal to its pro rata share of $125 million (the "***Rights Exercise Price***"), such pro rata share to be calculated as the proportion that an Eligible Offeree's Allowed Unsecured Notes Claim bears to the aggregate of all Allowed Unsecured Notes Claims as of October 27, 2016 (the "***Rights Offering Record Date***"), rounded down to the nearest dollar.

Each Eligible Offeree may exercise (in whole dollar increments) all, some, or none of such pro rata share, and the Rights Exercise Price for such Eligible Offeree will be adjusted accordingly (in whole dollar increments). The portion of New Convertible Notes issued to an Eligible Offeree who elects to acquire such New Convertible Notes will be rounded down to the nearest dollar. No compensation will be paid, whether in cash or otherwise, in respect of such rounded-down amounts.

The Subscription Rights will not be transferable, assignable, or detachable.

C. The Backstop Agreement

The Backstop Parties will agree to backstop the Rights Offering. Each of the Backstop Parties, severally and not jointly, will agree, pursuant to the Backstop Agreement, to purchase the New Convertible Notes that are not purchased by other Eligible Offerees pursuant to the Rights Offering (the "***Unsubscribed Notes***") on a pro rata basis in accordance with the percentages set forth in Exhibit A to the Backstop Agreement.

Basic Parent anticipates that it will enter into a backstop agreement (the "***Backstop Agreement***") pursuant to which the parties identified on the signature pages thereto (collectively, the "***Investors***") will agree to

backstop the Rights Offering (the "***Backstop Commitments***"). Pursuant to the Backstop Commitments, each of the Investors, severally and not jointly, will agree to fully participate in the Rights Offering and purchase the Rights Offering Notes in accordance with the percentages set forth in the Backstop Agreement (the "***Investor Percentages***") to the extent unsubscribed under the Rights Offering. To compensate the Investors for the risk of their undertakings in the Backstop Agreement and as consideration for the Backstop Commitments, the Debtors will agree to pay the Investors, subject to approval by the Bankruptcy Court, in the aggregate, on the Plan Effective Date, a backstop premium in an amount equal to five percent of the aggregate amount of the Rights Offering, in the form of $6.25 million aggregate principal amount of Rights Offering Notes.

The Backstop Agreement will be terminable by Basic Parent and/or the Requisite Investors (as defined in the Backstop Agreement) under several conditions. The termination provisions include, among others, (i) the termination of the Restructuring Support Agreement, (ii) failure to meet certain milestone dates consistent with the Restructuring Support Agreement, or (iii) a material breach by either Basic Parent or one or more of the Investors of any of the respective party's undertakings, representations, warranties or covenants set forth in the Backstop Agreement that remains uncured for five business days after the breaching party receives written notice of such breach from the non-breaching party. Basic Parent may be required to pay a termination fee in the amount of $6.25 million to non-defaulting Investors if the Backstop Agreement is terminated as a result of the Board exercising its fiduciary duties and terminating the Restructuring Support Agreement, the Court enters an order refusing to confirm the Prepackaged Plan or an injunction is issued against consummation of the transaction. There will be no over-subscription privilege in the Rights Offering. The Unsubscribed Notes will not be offered to other Eligible Offerees but will be purchased by the Investors in accordance with the Backstop Agreement.

D. Commencement/Expiration of the Rights Offering

The Rights Offering will commence on the day upon which the Rights Exercise Form is first mailed or made available to Eligible Offerees (the "***Rights Commencement Date***"), which is expected to be the first Business Day after receipt of the Rights Offering Approval. The Rights Offering will expire at 5:00 p.m. New York City time on the date specified in the Rights Offering Approval, which is expected to be the 20th Business Day after the Rights Commencement Date, unless, if permitted by the Rights Offering Approval, extended by Basic Parent with the consent of the Requisite Investors (as defined in the Backstop Agreement) (such time and date, as may be amended, the "***Rights Expiration Time***"). Basic Parent will promptly notify the Eligible Offerees of any extension and of the new Rights Expiration Time by press release or otherwise.

Basic Parent will furnish, or cause to be furnished, Rights Exercise Forms to the Eligible Offerees and/or, to the extent applicable, their brokers, dealers, commercial banks, trust companies, or other agents or nominees (the "***Subscription Nominees***"). Each Subscription Nominee will be entitled to receive sufficient copies of the Rights Offering Procedures and the Rights Exercise Form for distribution to the beneficial owners of the Unsecured Notes for whom such Subscription Nominee holds such Unsecured Notes.

E. Exercise of Subscription Rights

Each Eligible Offeree that elects to participate in the Rights Offering must affirmatively make a binding, irrevocable election to exercise its Subscription Rights (the "***Binding Rights Election***") before the Rights Expiration Time.

The Binding Rights Election, upon receipt by the Subscription Agent, cannot be withdrawn.

Each Eligible Offeree will be entitled to participate in the Rights Offering solely to the extent provided in these Rights Offering Procedures, except in the case of Eligible Offerees who are Backstop Parties, who are entitled to participate in the Rights Offering to the extent also provided in Backstop Agreement. The Debtor will accept a Binding Rights Election by delivery of written notice to each participating Eligible Offeree and the Subscription Agent (the "***Acceptance Notice***").

1. Exercise by Eligible Offerees

To exercise the Subscription Rights, each Eligible Offeree must (i) return a duly completed Rights Exercise Form to the Subscription Agent so that the duly completed Rights Exercise Form is *actually received* by the Subscription Agent on or before the Rights Expiration Time and (ii) pay to the Subscription Agent, by wire transfer of immediately available funds, the Rights Exercise Price, so that payment of the Rights Exercise Price is *actually received* by the Subscription Agent on or before the Rights Expiration Time; provided, that the Backstop Parties (in their capacities as Eligible Offerees) will not be required to pay their respective Rights Exercise Prices until the effective date of the Prepackaged Plan (the "***Effective Date***"), in accordance with these Rights Offering Procedures, and the Backstop Agreement.

In order to exercise its Subscription Rights, any Eligible Offeree who holds Allowed Unsecured Notes Claims through a Subscription Nominee must return a duly completed Rights Exercise Form to its Subscription Nominee or otherwise instruct its Subscription Nominee as to its instructions for the Subscription Rights (in each case in sufficient time to allow such Subscription Nominee to deliver the Rights Exercise Form to the Subscription Agent prior to the Rights Expiration Time) in accordance with procedures established by its Subscription Nominee, which, in turn, must comply with clauses (i) and (ii) of the immediately preceding paragraph.

For purposes of this Rights Offering, Wilmington Trust, National Association, in its capacity as Indenture Trustee for the each of the series of Unsecured Notes, will not constitute a Subscription Nominee and will have no responsibility with respect to sending any Rights Offering information or collecting any Rights Exercise Forms.

2. Deemed Representations and Acknowledgements

Any Eligible Offeree that participates in the Rights Offering is deemed to have made the following representations and acknowledgements:

(i) Such Eligible Offeree recognizes and understands that the Subscription Rights are not transferable (see Section XIII.B above for details) and that the benefits of the Subscription Rights are not separable from the claim or securities with respect to which the Subscription Rights have been granted. Such creditor represents and warrants that it is an Eligible Offeree.

(ii) Such Eligible Offeree represents and warrants that it will not accept a distribution of New Convertible Notes if at such time, it does not hold all of the Allowed Unsecured Notes

Claim associated with its Subscription Rights and, by accepting a distribution of New Convertible Notes, such Eligible Offeree will be deemed to be the owner thereof.

3. Failure to Exercise Subscription Rights

Unexercised Subscription Rights will be relinquished at the Rights Expiration Time. If, on or prior to the Rights Expiration Time, the Subscription Agent for any reason does not receive from an Eligible Offeree or its Subscription Nominee a duly completed Rights Exercise Form, such Eligible Offeree will be deemed to have irrevocably relinquished and waived its right to participate in the Rights Offering.

Any attempt to exercise Subscription Rights after the Rights Expiration Time will be null and void and the Debtor will not be obligated to honor any such purported exercise received by the Subscription Agent after the Rights Expiration Time regardless of when the documents relating thereto were sent.

The method of delivery of the Rights Exercise Form and any other required documents is at each Eligible Offeree's option and sole risk, and delivery will be considered made only when actually received by the Subscription Agent. Delivery by reputable overnight courier is encouraged and strongly recommended. In all cases, you should allow sufficient time to ensure timely delivery prior to the Rights Expiration Time.

The risk of non-delivery of the Rights Exercise Form and any other required documents sent to the Subscription Agent in connection with the exercise of the Subscription Rights lies solely with the holders of the Allowed Unsecured Notes Claims, and none of the Debtors, the reorganized Debtors, the Backstop Parties, or any of their respective officers, directors, employees, agents or advisers, including the Subscription Agent, assumes the risk of non-delivery under any circumstance whatsoever.

4. Payment for Subscription Rights

If, on or prior to the Rights Expiration Time, the Subscription Agent for any reason does not receive on behalf of an Eligible Offeree immediately available funds by wire transfer in an amount equal to the total Rights Exercise Price for such Eligible Offeree's Subscription Rights, such Eligible Offeree will be deemed to have relinquished and waived its Subscription Rights, subject to the next paragraph; *provided*, that the Backstop Parties (in their capacities as Eligible Offerees) will not be required to pay their respective Rights Exercise Prices until the Effective Date.

5. Disputes, Waivers, and Extensions

Any and all disputes concerning the timeliness, viability, form, and eligibility of any exercise of Subscription Rights will be addressed in good faith by Basic Parent in consultation with the Backstop Parties, the determinations of which will be final and binding. The Debtor, with the approval of the Requisite Investors, may (i) waive any defect or irregularity, or permit a defect or irregularity to be corrected, within such times as it may determine in good faith to be appropriate or (ii) reject the purported exercise of any Subscription Rights for which the Rights Exercise Form and/or payment includes defects or irregularities. Rights Exercise Forms will be deemed not to have been properly completed until all irregularities have been waived or cured. Basic Parent reserves the right, with the approval of the Requisite Investors, to give notice to any Eligible Offeree regarding any defect or irregularity in connection with any purported exercise of Subscription Rights by such Eligible Offeree and Basic Parent may, with the approval of the Requisite Investors, permit such defect or irregularity to be cured; it being understood, that none of Basic Parent, the Subscription Agent, or the Backstop Parties (or any of their

respective officers, directors, employees, agents or advisors) will incur any liability for failure to give such notification.

Basic Parent, with the approval of the Bankruptcy Court (if applicable) and the Requisite Investors, may (i) extend the duration of the Rights Offering or adopt additional detailed procedures to more efficiently administer the distribution and exercise of the Subscription Rights; and (ii) make such other changes to the Rights Offering, including changes that affect which parties constitute Eligible Offerees.

6. Funds

The payments made to acquire New Convertible Notes pursuant to the Rights Offering (the "***Rights Offering Funds***") will be deposited when made and held by the Subscription Agent pending the Effective Date in a segregated account or accounts (i) which will be separate and apart from the Subscription Agent's general operating funds and any other funds subject to any lien, encumbrance, or cash collateral arrangements and (ii) which segregated account or accounts will be maintained for the purpose of holding the money for administration of the Rights Offering until the Effective Date. The Subscription Agent will not use the Rights Offering Funds for any purpose other than to release the funds as directed by Basic Parent on the Effective Date or as otherwise set forth in these Rights Offering Procedures or in the Prepackaged Plan, and, until released in accordance with the foregoing, the Rights Offering Funds will not be deemed part of the Debtors' bankruptcy estate. The Subscription Agent will not permit the Rights Offering Funds to be encumbered by any lien, encumbrance, or cash collateral obligation. No interest will be paid to participating Eligible Offerees on account of any amounts paid in connection with their exercise of Subscription Rights under any circumstances.

Notwithstanding anything to the contrary herein, each Backstop Party will make all payments in connection with the Rights Offering directly to the Debtor on the Effective Date.

7. Participating Eligible Offeree Release

SEE SECTION VI.I OF THIS DISCLOSURE STATEMENT FOR IMPORTANT INFORMATION REGARDING RELEASES.

F. Miscellaneous

1. Issuance

The New Convertible Notes to be issued pursuant to the Rights Offering are expected to be delivered to Eligible Offerees that have properly exercised their Subscription Rights on or as soon as practicable following the Effective Date. See section VIII.G. below. The New Convertible Notes will be issued in book-entry form.

2. Securities Law and Related Matters

The New Convertible Notes issued to the Eligible Offerees participating in the Rights Offering will be exempt from registration under the Securities Act, and any other applicable federal and state securities laws pursuant to section 1145 of the Bankruptcy Code, and may be resold, without registration under the

Securities Act or other applicable federal and state securities laws, unless the holder is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code.

There is not and there may not be a public market for the New Convertible Notes, and the Debtor does not intend to seek any listing of the New Convertible Notes on any stock exchange or other trading market of any type whatsoever. Accordingly, there can be no assurance that an active trading market for the New Convertible Notes will ever develop or, if such a market does develop, that it will be maintained. The Debtors have agreed to use their reasonable best efforts to effect the listing of its common stock, for which the New Convertible Notes are convertible on a nationally recognized exchange, as soon as practicable subject to meeting applicable listing requirements following the Effective Date. However, there can be no assurance that its existing listing on the NYSE will be maintained or new listing will be achieved or that an active trading market for the shares of common stock of Basic Parent will ever develop or, if such a market does develop that it will be maintained.

G. Rights Offering Conditioned Upon Effectiveness of the Prepackaged Plan; Reservation of Subscription Rights; Return of Rights Offering Amount

All exercises of Subscription Rights are subject to and conditioned upon the effectiveness of the Prepackaged Plan. Basic Parent will accept a Binding Rights Election only upon the confirmation and effectiveness of the Prepackaged Plan. Notwithstanding anything contained herein, this Disclosure Statement or in the Prepackaged Plan to the contrary, Basic Parent reserves the right, with the approval of the Requisite Investors, not to be unreasonably withheld, to modify these Rights Offering Procedures or adopt additional detailed procedures if necessary in Basic Parent's business judgment to more efficiently administer the distribution and exercise of the Subscription Rights or comply with applicable law.

In the event that (i) the Rights Offering is terminated, (ii) the Debtor revokes or withdraws the Prepackaged Plan, or (iii) the Effective Date of the Prepackaged Plan does not occur on or before January 23, 2017 (which is the "Outside Date," as defined in the Restructuring Support Agreement, and may be extended in accordance with the terms thereof), the Subscription Agent will, within five (5) Business Days of such event, return all amounts received from Eligible Offerees, without any interest, and, in the case of clauses (ii) and (iii) above, the Rights Offering will automatically be terminated.

XIV.
CONFIRMATION OF THE PREPACKAGED PLAN

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a confirmation hearing upon appropriate notice to all required parties. On, or as promptly as practicable after, the Petition Date, the Debtors will request that the Bankruptcy Court schedule the Confirmation Hearing. Notice of the Confirmation Hearing will be provided to all known creditors and equity holders or their representatives. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the continuation date made at the Confirmation Hearing, at any subsequent continued Confirmation Hearing, or pursuant to a notice filed on the docket for the Chapter 11 Cases.

B. Objections to Confirmation

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to the confirmation of a plan. Any objection to confirmation of the Prepackaged Plan must be in writing, must conform to the Bankruptcy Rules and the Local Rules, must set forth the name of the objector, the nature and amount of

the Claims held or asserted by the objector against the Debtors' estates or properties, the basis for the objection and the specific grounds therefore, and must be filed with the Bankruptcy Court, with a copy to the chambers of the United States Bankruptcy Judge appointed to the Chapter 11 Cases, together with proof of service thereof, and served upon the following parties, including such other parties as the Bankruptcy Court may order.

a) **The Debtors** at
Basic Energy Services, Inc.
801 Cherry Street, Suite 2100
Fort Worth, Texas 76102
Attn: Alan Krenek

b) **Office of the U.S. Trustee** at
Office of the U.S. Trustee for the District of Delaware
844 King Street, Suite 2207, Lockbox 35
Wilmington, Delaware 19899-0035

c) **Counsel to the Debtors** at
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attn: Ray C. Schrock, P.C.
Ronit J. Berkovich, Esq.

d) **Co-Counsel to the Debtors** at
Richards, Layton & Finger, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Attn: Daniel J. DeFranceschi, Esq.
Michael J. Merchant, Esq.
Zachary I. Shapiro, Esq.
Brendan J. Schlauch, Esq.

e) **Counsel to the Ad Hoc Group** at
Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, New York 10004
Attn: Brad Eric Scheler
Peter B. Siroka

f) **Counsel to the Term Loan Lenders** at
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attn: Marshall S. Huebner
Darren S. Klein

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

C. Requirements for Confirmation of the Prepackaged Plan

1. Requirements of Section 1129(a) of the Bankruptcy Code

(a) General Requirements.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the confirmation requirements specified in section 1129(a) of the Bankruptcy Code have been satisfied including, without limitation, whether:

(i) the Prepackaged Plan complies with the applicable provisions of the Bankruptcy Code;

(ii) the Debtors have complied with the applicable provisions of the Bankruptcy Code;

(iii) the Prepackaged Plan has been proposed in good faith and not by any means forbidden by law;

(iv) any payment made or promised by the Debtors or by a person issuing securities or acquiring property under the Prepackaged Plan, for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Prepackaged Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Prepackaged Plan is reasonable, or if such payment is to be fixed after confirmation of the Prepackaged Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;

(v) the Debtors have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Prepackaged Plan, as a director or officer of the Reorganized Debtors, an affiliate of the Debtors participating in a Prepackaged Plan with the Debtors, or a successor to the Debtors under the Prepackaged Plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests holders of Claims and Interests and with public policy, and the Debtors have disclosed the identity of any insider who will be employed or retained by the Reorganized Debtors, and the nature of any compensation for such insider;

(vi) with respect to each Class of Claims or Interests, each holder of an impaired Claim or impaired Equity Interest has either accepted the Prepackaged Plan or will receive or retain under the Prepackaged Plan, on account of such holder's Claim or Equity Interest, property of a value, as of the Effective Date of the Prepackaged Plan, that is not less than the amount such holder would receive or retain if the

Debtors were liquidated on the Effective Date of the Prepackaged Plan under chapter 7 of the Bankruptcy Code;

(vii) except to the extent the Prepackaged Plan meets the requirements of section 1129(b) of the Bankruptcy Code (as discussed further below), each Class of Claims either accepted the Prepackaged Plan or is not impaired under the Prepackaged Plan;

(viii) except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Prepackaged Plan provides that administrative expenses and priority Claims, other than priority tax Claims, will be paid in full on the Effective Date, and that priority tax Claims will receive either payment in full on the Effective Date or deferred cash payments over a period not exceeding five years after the Petition Date, of a value, as of the Effective Date of the Prepackaged Plan, equal to the allowed amount of such Claims;

(ix) at least one Class of impaired Claims has accepted the Prepackaged Plan, determined without including any vote for acceptance of the Prepackaged Plan by any insider holding a Claim in such Class;

(x) confirmation of the Prepackaged Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Prepackaged Plan; and

(xi) all fees payable under section 1930 of title 28, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Prepackaged Plan provides for the payment of all such fees on the Effective Date of the Prepackaged Plan.

(b) Best Interests Test

As noted above, with respect to each impaired class of claims and equity interests, confirmation of a plan requires that each such holder either: (i) accept the plan; or (ii) receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the value such holder would receive or retain if the debtors were liquidated under chapter 7 of the Bankruptcy Code. This requirement is referred to as the "best interests test."

This test requires a bankruptcy court to determine what the holders of allowed claims and allowed equity interests in each impaired class would receive from a liquidation of the debtor's assets and properties in the context of a liquidation under chapter 7 of the Bankruptcy Code. To determine if a plan is in the best interests of each impaired class, the value of the distributions from the proceeds of the liquidation of the debtor's assets and properties (after subtracting the amounts attributable to the aforesaid claims) is then compared with the value offered to such classes of claims and equity interests under the plan.

The Debtors believe that under the Prepackaged Plan all holders of impaired Claims and Interests will receive property with a value not less than the value such holder would receive in a liquidation under chapter 7 of the Bankruptcy Code. The Debtors' belief is based primarily on: (i) consideration of the

effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to holders of impaired Claims and Interests; and (ii) the Liquidation Analysis attached hereto as **Exhibit D.**

The Debtors believe that any liquidation analysis is speculative, as it is necessarily premised on assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of the Debtors. The Liquidation Analysis provided in **Exhibit D** is solely for the purpose of disclosing to holders of Claims and Interests the effects of a hypothetical chapter 7 liquidation of the Debtors, subject to the assumptions set forth therein. There can be no assurance as to values that would actually be realized in a chapter 7 liquidation nor can there be any assurance that a bankruptcy court will accept the Debtors' conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

(c) Feasibility

Also as noted above, section 1129(a)(11) of the Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization. For purposes of determining whether the Prepackaged Plan meets this requirement, the Debtors have analyzed their ability to meet their obligations under the Prepackaged Plan. As part of this analysis, the Debtors have prepared the Projections provided in article VII hereof. Based upon such Projections, the Debtors believe they will have sufficient resources to make all payments required pursuant to the Prepackaged Plan and that confirmation of the Prepackaged Plan is not likely to be followed by liquidation or the need for further reorganization. Moreover, article XI hereof sets forth certain risk factors that could impact the feasibility of the Prepackaged Plan

(d) Equitable Distribution of Voting Power

On or before the Effective Date, pursuant to and only to the extent required by section 1123(a)(6) of the Bankruptcy Code, the organizational documents for the Debtors will be amended as necessary to satisfy the provisions of the Bankruptcy Code and will include, among other things, pursuant to section 1123(a)(6) of the Bankruptcy Code: (i) a provision prohibiting the issuance of non-voting equity securities; and (ii) a provision setting forth an appropriate distribution of voting power among classes of equity securities possessing voting power.

2. Additional Requirements for Non-Consensual Confirmation

In the event that any impaired Class of Claims or Interests does not accept or is deemed to reject the Prepackaged Plan, the Court may still confirm the Prepackaged Plan at the request of the Debtors if, as to each impaired Class of Claims or Interests that has not accepted the Prepackaged Plan, the Prepackaged Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such Classes of Claims or Interests, pursuant to section 1129(b) of the Bankruptcy Code. Both of these requirements are in addition to other requirements established by case law interpreting the statutory requirements.

Pursuant to the Prepackaged Plan, holders of Claims in Class 8 and Interests in Class 9 will not receive a distribution and are thereby deemed to reject the Prepackaged Plan. However, the Debtors submit that they satisfy the "unfair discrimination" and "fair and equitable" tests, as discussed in further detail below.

(a) Unfair Discrimination Test

The "no unfair discrimination" test applies to Classes of Claims or Interests that are of equal priority and are receiving different treatment under the Prepackaged Plan. A chapter 11 plan does not discriminate unfairly, within the meaning of the Bankruptcy Code, if the legal rights of a dissenting Class are treated in

a manner consistent with the treatment of other Classes whose legal rights are substantially similar to those of the dissenting Class and if no Class of Claims or Interests receives more than it legally is entitled to receive for its Claims or Interests. This test does not require that the treatment be the same or equivalent, but that such treatment is "fair."

The Debtors believe the Prepackaged Plan satisfies the "unfair discrimination" test. Claims of equal priority are receiving comparable treatment and such treatment is fair under the circumstances

(b) Fair and Equitable Test

The "fair and equitable" test applies to classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the allowed amount of the claims in such class. As to dissenting classes, the test sets different standards depending on the type of claims in such class. The Debtors believe that the Prepackaged Plan satisfies the "fair and equitable" test as further explained below.

(i) Secured Creditors

The Bankruptcy Code provides that each holder of an impaired secured claim either: (i) retains its liens on the property to the extent of the allowed amount of its secured claim and receives deferred cash payments having a value, as of the effective date, of at least the allowed amount of such claim; or (ii) has the right to credit bid the amount of its claim if its property is sold and retains its liens on the proceeds of the sale (or if sold, on the proceeds thereof); or (iii) receives the "indubitable equivalent" of its allowed secured claim.

(ii) Unsecured Creditors

The Bankruptcy Code provides that either: (i) each holder of an impaired unsecured claim receives or retains under the plan of reorganization, property of a value equal to the amount of its allowed claim; or (ii) the holders of claims and equity interests that are junior to the claims of the dissenting class will not receive any property under the plan of reorganization. The Prepackaged Plan provides that the holders of Claims in Class 8 will not receive or retain any property under the Prepackaged Plan on account of such Claims, and the obligations of the Debtors and the Reorganized Debtors on account of Subordinated Claims will be discharged, but no holder of Intercompany Claims will receive a distribution under the Prepackaged Plan (although the holders of Existing Equity Interests will receive releases as set forth in the Prepackaged Plan). Accordingly, the Prepackaged Plan meets the "fair and equitable" test with respect to unsecured Claims.

(iii) Equity Interests

With respect to a class of equity interests, either: (i) each holder of an equity interest will receive or retain under the plan of reorganization property of a value equal to the greater of: (a) the fixed liquidation preference or redemption price, if any, of such stock; and (b) the value of the stock; or (ii) the holders of equity interests that are junior to any dissenting class of equity interests will not receive any property under the plan of reorganization. Pursuant to the Prepackaged Plan, no holders of an Existing Equity Interests or Intercompany Interest will receive a distribution on account of such Interests (although the holder of Existing Equity Interests will receive releases as set forth in the Prepackaged Plan). Accordingly, the Prepackaged Plan meets the "fair and equitable" test with respect to those Interests.

XV.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PREPACKAGED PLAN

The Debtors have evaluated several alternatives to the Prepackaged Plan. After studying these alternatives, the Debtors have concluded that the Prepackaged Plan is the best alternative and will maximize recoveries to parties in interest, assuming confirmation and consummation of the Prepackaged Plan. If the Prepackaged Plan is not confirmed and consummated, the alternatives to the Prepackaged Plan are: (i) the preparation and presentation of an alternative reorganization; (ii) the a sale of some or all of the Debtors' assets pursuant to section 363 of the Bankruptcy Code; or (iii) a liquidation under chapter 7 of the Bankruptcy Code.

A. Alternative Plan of Reorganization

If the Prepackaged Plan is not confirmed, the Debtors (or if the Debtors' exclusive period in which to file a plan of reorganization has expired, any other party in interest) could attempt to formulate a different plan. Such a plan might involve either: (a) a reorganization and continuation of the Debtors' businesses; or (b) an orderly liquidation of their assets. The Debtors, however, submit that the Prepackaged Plan, as described herein, enables their creditors to realize the most value under the circumstances.

B. Sale Under Section 363 of the Bankruptcy Code

If the Prepackaged Plan is not confirmed, the Debtors could seek from the Bankruptcy Court, after notice and hearing, authorization to sell their assets under section 363 of the Bankruptcy Code. Holders of Claims in Classes 2, 3 and 4, and the DIP Facility Lenders would be entitled to credit bid on any property to which their security interest is attached, and to offset their Claims against the purchase price of the property. In addition, the security interests in the Debtors' assets held by holders of Claims in Classes 2, 3, and 4 and the DIP Facility Lenders would attach to the proceeds of any sale of the Debtors' assets. After these Claims are satisfied, the remaining funds could be used to pay holders of Claims in Classes 2, 3, and 4 and the DIP Facility Lenders. Upon analysis and consideration of this alternative, the Debtors do not believe a sale of its assets under section 363 of the Bankruptcy Code would yield a higher recovery for the holders of Claims under the Prepackaged Plan.

C. Liquidation Under Chapter 7 of the Bankruptcy Code

If no plan can be confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution to their creditors in accordance with the priorities established by the Bankruptcy Code. The effect that a chapter 7 liquidation would have on the recovery of holders of Allowed Claims and Interests is set forth in the Liquidation Analysis attached hereto as **Exhibit D.**

The Debtors believe that liquidation under chapter 7 would result in smaller distributions to creditors than those provided for in the Prepackaged Plan because of the delay resulting from the conversion of the Chapter 11 Cases and the additional administrative expenses associated with the appointment of a trustee and the trustee's retention of professionals who would be required to become familiar with the many legal and factual issues in the Debtors' Chapter 11 Cases.

XVI.

CONCLUSION AND RECOMMENDATION

The Debtors believe the Prepackaged Plan is in the best interests of all stakeholders and urge the holders of Claims in Classes 4 and 5 to vote in favor thereof.

Dated: October 24, 2016

BASIC PARTIES

BASIC ENERGY SERVICES, INC.

By: /s/ David C. Johnston
Name: David C. Johnston
Title: Chief Restructuring Officer

BASIC ENERGY SERVICES GP, LLC
BASIC ENERGY SERVICES LP, LLC
BASIC ESA, INC.
BASIC ENERGY SERVICES, L.P.
CHAPARRAL SERVICE, INC.
SCH DISPOSAL, L.L.C.
SLEDGE DRILLING CORP.
ADMIRAL WELL SERVICE, INC.
BASIC MARINE SERVICES, INC.
JS ACQUISITION LLC
PERMIAN PLAZA, LLC
MAVERICK COIL TUBING SERVICES, LLC
FIRST ENERGY SERVICES COMPANY
JETSTAR HOLDINGS, INC.
XTERRA FISHING & RENTAL TOOLS CO.
MAVERICK SOLUTIONS, LLC
LEBUS OIL FIELD SERVICE CO.
ACID SERVICES, LLC
TAYLOR INDUSTRIES, LLC
MAVERICK STIMULATION COMPANY, LLC
GLOBE WELL SERVICE, INC.
JETSTAR ENERGY SERVICES, INC.
PLATINUM PRESSURE SERVICES, INC.
MAVERICK THRU-TUBING SERVICES, LLC
MCM HOLDINGS, LLC
MSM LEASING, LLC
THE MAVERICK COMPANIES, LLC

By: /s/ David C. Johnston
Name: David C. Johnston
Title: Chief Restructuring Officer

BASIC ENERGY SERVICES, L.P.

By: Basic Energy Services GP, LLC, its sole general partner

By: Basic Energy Services, Inc., its sole member

By: /s/ David C. Johnston
Name: David C. Johnston
Title: Chief Restructuring Officer

EXHIBIT A

Prepackaged Plan

EXHIBIT B

Restructuring Support Agreement

EXHIBIT C

Organizational Chart

EXHIBIT D

Liquidation Analysis

LIQUIDATION ANALYSIS

NOTHING CONTAINED IN THE FOLLOWING LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE DEBTORS. THE ESTIMATED AMOUNT OF ALLOWED CLAIMS SET FORTH HEREIN AND THE ASSUMPTIONS MADE IN CALCULATING SUCH CLAIMS SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING ANY DETERMINATION OF THE VALUE OF ANY DISTRIBUTION TO BE MADE ON ACCOUNT OF ALLOWED CLAIMS UNDER THE PREPACKAGED PLAN. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THESE CHAPTER 11 CASES COULD DIFFER MATERIALLY FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS.

INTRODUCTION

Pursuant to section 1129(a)(7) of the Bankruptcy Code,[8] each holder of an Impaired Claim or Interest must either (a) accept the Prepackaged Plan or (b) receive or retain under the Prepackaged Plan property of a value, as of the effective date, that is not less than the value such non-accepting holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code (often referred to as the "**Best Interests Test**"). To make these findings, the Bankruptcy Court must: (a) estimate the cash proceeds (the "**Gross Liquidation Proceeds Available for Distribution**") that a chapter 7 trustee would generate if each Debtor's chapter 11 case were converted to a chapter 7 case on the Effective Date and the assets of such Debtor's estate were liquidated; (b) determine the distribution (the "**Estimated Recovery Under Liquidation**") that each non-accepting holder of a Claim or Equity Interest would receive from the Net Estimated Liquidation Proceeds under the priority scheme dictated in chapter 7; and (c) compare each holder's Estimated Recovery Under Liquidation to the distribution that such holder would receive under the Prepackaged Plan (the "**Plan Recovery**") if the Prepackaged Plan were confirmed and consummated. In connection with this requirement, the following hypothetical liquidation analysis (the "**Liquidation Analysis**") has been prepared by the Debtors. The purpose of the Liquidation Analysis is to provide information so that the Bankruptcy Court may determine that the Prepackaged Plan is in the best interests of all Classes impaired by the Prepackaged Plan. Based on the Liquidation Analysis, the Debtors believe the Prepackaged Plan satisfies the Best Interests Test and that each holder of an impaired Claim or Equity Interest will receive value under the Prepackaged Plan that is not less than the value such holder would receive if the Debtors liquidated under chapter 7 of the Bankruptcy Code.

THE DEBTORS' LIQUIDATION ANALYSIS IS AN ESTIMATE OF THE PROCEEDS THAT MAY BE GENERATED AS A RESULT OF A HYPOTHETICAL CHAPTER 7 LIQUIDATION OF THE ASSETS OF THE DEBTORS. UNDERLYING THE LIQUIDATION ANALYSIS ARE A NUMBER OF ESTIMATES AND ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT LEGAL, ECONOMIC, COMPETITIVE, AND OPERATIONAL UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS' MANAGEMENT AND THEIR ADVISORS. ADDITIONALLY, VARIOUS LIQUIDATION DECISIONS UPON WHICH CERTAIN ASSUMPTIONS ARE BASED ARE SUBJECT TO CHANGE. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE ASSUMPTIONS AND ESTIMATES EMPLOYED IN DETERMINING THE LIQUIDATION VALUES OF THE DEBTORS' ASSETS WILL RESULT IN THE PROCEEDS WHICH WOULD BE REALIZED WERE THE DEBTORS TO UNDERGO AN ACTUAL LIQUIDATION AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN

[8] All capitalized terms used in this liquidation analysis that are not otherwise defined herein will have the meanings ascribed to them in the Prepackaged Plan.

HERE. THIS ANALYSIS HAS NOT BEEN EXAMINED OR REVIEWED BY INDEPENDENT ACCOUNTANTS IN ACCORDANCE WITH STANDARDS PROMULGATED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (THE "**AICPA**").

Given the concentration of assets and liabilities, the liquidation analysis for Debtors was prepared on a consolidated basis. Asset book values and claims shown below represent estimated balances as of December 31, 2016, unless otherwise noted. The following Liquidation Analysis for Consolidated Debtors should be reviewed in conjunction with the associated notes:

Liquidation Analysis Summary - 12/31/2016								
			Estimated Values			Estimated Recovery %		
		Book Value	Low	Mid	High	Low	Mid	High
Cash (Restricted and Non-Restricted)	[A]	$ 21,069	$ 21,069	$ 21,069	$ 21,069	100.0%	100.0%	100.0%
Accounts Receivable	[B]	92,739	60,281	69,555	78,828	65.0%	75.0%	85.0%
Inventory	[C]	29,692	11,495	15,068	18,642	38.7%	50.7%	62.8%
Other Current Assets	[D]	24,112	6,028	8,439	10,851	25.0%	35.0%	45.0%
Total Current Assets		$ 167,613	$ 98,873	$114,131	$129,390	59.0%	68.1%	77.2%
Deferred Taxes and Debt Issuance Costs	[E]	66,181	-	-	-	-	-	-
Property, Plant & Equipment	[F]	660,928	264,385	290,237	315,925	40.0%	43.9%	47.8%
Other Assets	[G]	69,515	8,501	9,496	9,993	12.2%	13.7%	14.4%
Gross Liquidation Proceeds Available for Distribution		$ 964,236	$371,759	$413,865	$455,308	38.6%	42.9%	47.2%
Chapter 7 Case Administration Expenses								
Chapter 7 Administrative Expenses	[H]		31,264	32,106	32,935			
Chapter 7 Administrative Recovery			31,264	32,106	32,935	100.0%	100.0%	100.0%
Net Proceeds Available for Distribution to Creditors		**$ 964,236**	**$340,495**	**$381,759**	**$422,373**	**35.3%**	**39.6%**	**43.8%**
Pre-Petition Adminstrative Claims								
Pre-Conversion Administrative Claims	[I]		37,937	37,937	37,937			
Pre-Conversion Administrative Recovery			8,155	37,937	37,937	21.5%	100.0%	100.0%
Secured Claims								
ABL Facility								
ABL (Letters of Credit) Claim	[J]		51,062	51,062	51,062			
ABL Secured Recovery			51,062	51,062	51,062	100.0%	100.0%	100.0%
Term Loan								
Term Loan Claims	[K]		229,696	229,696	229,696			
Term Loan Secured Recovery			229,696	229,696	229,696	100.0%	100.0%	100.0%
Capital Lease								
Capital Lease Claims	[L]		76,441	76,441	76,441			
Capital Lease Recovery			51,582	56,271	60,960	67.5%	73.6%	79.7%
Capital Lease Deficiency Claim			24,859	20,170	15,480			
Capital Lease Deficiency Recovery			0	156	755	0.0%	0.8%	4.9%
Capital Lease Total Recovery			51,582	56,426	61,715	67.5%	73.8%	80.7%
Unsecured Claims								
Senior Notes Claim	[M]		815,338	815,338	815,338			
Senior Notes Recovery			0	6,291	39,773	0.0%	0.8%	4.9%
General Unsecured Claims (Non-Debt)	[N]		44,899	44,899	44,899			
General Unsecured Recovery			0	346	2,190	0.0%	0.8%	4.9%
Total Distributions to Creditors			**$340,495**	**$381,759**	**$422,373**			

[A] Cash and Cash Equivalents: A 100% recovery has been assigned to the Debtors' estimated cash balance after repayment of the Debtors' DIP facility, as of December 31, 2016.

[B] Accounts Receivable: The estimated accounts receivable balance as of December 31, 2016 is generally assumed to be collectible, subject to certain disputes that may arise from the Debtors' discontinuation of operations. The Debtors believe that their ability to obtain mechanics liens for unpaid

balances will enhance collectability. As such, the Debtors have assigned a recovery of 65% - 85% for accounts receivable.

[C] Inventory: The Debtors' estimated inventory balance as of December 31, 2016 consists of a combination of soft (e.g., sand) and hard (e.g., service equipment) items. A 50% - 80% recovery has been assigned to soft inventory whereas a recovery of 30% - 50% has been assigned to hard inventory.

[D] Other Current Assets: The estimated other current asset balance as of December 31, 2016 is comprised of prepaid expenses and PP&E assets that have been categorized as assets held for sale for accounting purposes. The majority of the prepaid expenses (e.g., prepaid software licenses, vehicle registrations) will likely be unrecoverable in the event of a Chapter 7 liquidation, while other items (e.g., prepaid insurance) will likely be recoverable. In total, a 25% - 45% recovery was assigned to these balances.

[E] Deferred Taxes and Debt Issuance Costs: These accounting related assets are not projected to provide any recovery in a Chapter 7 liquidation scenario.

[F] Property, Plant and Equipment: Property, plant and equipment consists of drilling rigs and equipment, land, buildings and improvements, trucks and trailers, and various other assets. Recoveries were estimated by asset category. Additionally, separate estimates were prepared for owned and leased assets by category. Additionally, a 2% brokerage fee was applied to gross PP&E recoveries. In total, the Debtors assigned a 40% to 48% recovery to the estimated PP&E balance as of December 31, 2016. The table below provides a summary of the recoveries by asset category.

Property, Plant & Equipment Estimated Recovery							
	Estimated	Recovery %			Recovery $		
Asset Type	Book Value	Low	Mid	High	Low	Mid	High
Buildings	$ 36,817	80%	90%	100%	$ 29,453	$ 33,135	$ 36,817
Capital Lease Assets	95,699	55%	60%	65%	52,634	57,419	62,204
Capital Spare Parts	191	36%	40%	43%	70	76	82
Computer Software and Hardware	1,665	1%	2%	3%	17	33	50
Drilling Rigs and Equipment	410,188	27%	29%	31%	108,812	118,704	128,597
Construction Equipment	2,546	116%	127%	137%	2,962	3,232	3,501
Land	15,496	80%	90%	100%	12,397	13,946	15,496
Land and Building Improvements	3,912	80%	90%	100%	3,130	3,521	3,912
Pressure Pumping	24,865	27%	29%	31%	6,596	7,196	7,795
Rental Equipment	15,113	36%	40%	43%	5,501	6,001	6,501
Shop Equipment	3,364	10%	20%	25%	336	673	841
Trucks and Trailers	49,082	94%	102%	111%	46,007	50,189	54,372
Vehicles	1,990	94%	102%	111%	1,865	2,034	2,204
PP&E Recovery	$ 660,928				$ 269,781	$ 296,161	$ 322,372
Less: Brokerage Fee (2%)					(5,396)	(5,923)	(6,447)
Total PP&E Recovery, net					$ 264,385	$ 290,237	$ 315,925
Recovery %					40.0%	43.9%	47.8%

[G] Other Assets: Other assets primarily consist of acquisition related intangible assets such as customer relationship value. In a Chapter 7 scenario, these accounting related assets would provide little to no recovery to the Debtors. Certain assets, such as the cash surrender value of life insurance were assumed to provide a full recovery. On a blended basis, the Debtors assigned a 12% - 14% recovery to other assets.

[H] Chapter 7 Administrative Expenses: Chapter 7 administrative claims include estimated wind down payroll costs of approximately $24 million, assuming that payroll initially continues at 50% of historic

levels for one month following the conversion date before declining over the course of a three month liquidation process, trustee fees of 1% of non-cash gross proceeds, and trustee professional fees of 1% of non-cash gross proceeds.

[I] Pre-Conversion Administrative Claims: Pre-Conversion Administrative claims include accrued wages, benefits, other employee related expenses and certain tax obligations owed by the Debtors. No severance or other related shut-down costs have been included. Such claims would further reduce recoveries to administrative and unsecured claimants.

[J] ABL Loan Claims: Estimated ABL claims are an estimate of the letters of credit balance as of December 31, 2016. The ABL facility is secured by the Debtors' accounts receivable.

[K] Term Loan Claims: The estimated term loan balance includes the outstanding principal and an estimate of the claims related to the term loan's make-whole provision.

[L] Capital Leases: The capital leases claim represents the estimated liability as of December 31, 2016, assuming the leases are treated as secured financings. Asset recoveries were estimated for assets subject to capital leases and any applicable deficiency is assumed to be treated as a general unsecured claim.

[M] Unsecured Notes Claims - General Unsecured Claims: The claim amount represents an estimate of the Unsecured Notes Claims, including accrued but unpaid interest through the petition date. Senior notes share recoveries ratably with other unsecured claims and any applicable deficiency claims.

[N] General Unsecured Claims - All Entities (excluding Unsecured Notes Claims): General unsecured claims are comprised of trade A/P and non-administrative accrued expenses. Contract rejection claims have not been estimated and the addition of any contract rejection claims would reduce the unsecured claim recovery.