

Flynt Jim D
 Form 4
 January 06, 2009

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 Flynt Jim D

2. Issuer Name and Ticker or Trading Symbol
 KEY ENERGY SERVICES INC
 [KEG]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 6 DESTA DRIVE, SUITE 4400
 (Street)

3. Date of Earliest Transaction
 (Month/Day/Year)
 01/02/2009

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
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MIDLAND, TX 79705

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	01/02/2009		F		2,529 <u>(1)</u>	D	\$ 4.41 <u>(2)</u> 29,542 <u>(3)</u>
Common Stock	01/02/2009		F		5,028 <u>(4)</u>	D	\$ 4.66 <u>(5)</u> 24,514 <u>(3)</u>
Common Stock	01/02/2009		M		20,000	A	<u>(6)</u> 44,514 <u>(3)</u>
Common Stock	01/02/2009		D		20,000	D	\$ 4.66 <u>(6)</u> 24,514 <u>(3)</u>

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
Phantom Stock	(6)	01/02/2009		M	20,000	01/02/2009 12/22/2010	Common Stock	20,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Flynt Jim D 6 DESTA DRIVE, SUITE 4400 MIDLAND, TX 79705			SVP - Fluid Mgmt Ops	

Signatures

By Kimberly R. Frye, Attorney-in-fact for Jim D.
Flynt 01/05/2009

**Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Payment of tax liability by delivery of stock incident to the vesting on January 2, 2009 of 9,557 shares of restricted stock.
- (2) Vesting price is based on the closing price of common stock on December 31, 2008, pursuant to the company's 1997 Incentive Plan (the "1997 Plan").
Included 9,557 restricted stock shares granted August 22, 2007 under the 1997 Plan and 19,000 restricted stock shares granted April 10, 2008 under the company's 2007 Equity and Cash Incentive Plan (the "2007 Plan"), all of which vested in full on January 2, 2009 upon the reporting person's end of employment with the company.
- (3) 2008 under the company's 2007 Equity and Cash Incentive Plan (the "2007 Plan"), all of which vested in full on January 2, 2009 upon the reporting person's end of employment with the company.
- (4) Payment of tax liability by delivery of stock incident to the vesting on January 2, 2009 of 19,000 shares of restricted stock.
- (5) Vesting price is based on the closing price of common stock on January 2, 2009, pursuant to the 2007 Plan.

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- Each share of phantom stock was the economic equivalent of one share of the company's common stock, which, pursuant to the plan
- (6) under which it was granted, was required to be settled in cash based on the closing price on the date such shares vested. 20,000 shares of the reporting person's phantom stock vested on January 2, 2009 and, as required under the plan, was settled in cash.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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