

Flynt Jim D
 Form 4
 October 02, 2007

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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
 [KEGS]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

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

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)

6 DESTA DRIVE, SUITE 4400

10/02/2007

SVP - Western Region

(Street)

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

MIDLAND, TX 79705

(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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price

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

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SEC 1474
 (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	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities Acquired	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	(A) or Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
				Code	V					
Employee Stock Option (right to buy)	\$ 8.5	10/02/2007		D		25,000	(1)(2)	04/18/2010	Common Stock	25,000
Employee Stock Option (right to buy)	\$ 8.87	10/02/2007		A		25,000	(1)(2)	04/18/2010	Common Stock	25,000

Reporting Owners

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

Signatures

By Newton W. Wilson III, Attorney in Fact for Jim D.
Flynt

10/02/2007

__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) In a Form 3 filed on March 14, 2003, the reporting person reported that, on April 18, 2000, he was granted an employee stock option covering 50,000 shares of common stock, having an exercise price of \$8.50 per share (the market price of the stock on April 18, 2000), and vesting (i) 12,500 shares on 4/18/2000 provided the stock price reaches \$13, (ii) 12,500 on 4/18/2001 provided the stock price reaches \$15, (iii) 12,500 on 4/18/2002 provided the stock price reaches \$17 and (iv) 12,500 on 4/18/2003 provided the stock price reaches \$20.

(2) It was recently determined that the actual date of grant of that option was April 27, 2000, when the market price of the Company's common stock was \$8.87 per share. To avoid adverse tax consequences resulting from vesting of a "discounted option" after December 31, 2004, the reporting person and the Company agreed to amend the option to provide that, with respect to the portion of the option vesting after December 31, 2004 (representing 25,000 shares), the option will have an exercise price of \$8.87 per share. The amendment is reported in this Form 4 as a cancellation of a portion of the original option and the grant of a replacement option. In connection with the amendment, the reporting person became entitled to receive, on January 4, 2008, a cash payment of \$9,250, which is the amount of the increase in the aggregate exercise price of the option. The original option remains exercisable for 25,000 shares at the original exercise price of \$8.50 per share.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.