

KEY ENERGY SERVICES INC  
 Form 3  
 March 11, 2008

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0104  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

**INITIAL STATEMENT OF 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 *		2. Date of Event Requiring Statement	3. Issuer Name <b>and</b> Ticker or Trading Symbol	
MHR Institutional Advisors III LLC		(Month/Day/Year)	KEY ENERGY SERVICES INC [KEG]	
(Last)	(First)	02/29/2008		
40 WEST 57TH STREET, 24TH FLOOR			4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
(Street)			(Check all applicable)	
NEW YORK, NY 10019			<input type="checkbox"/> Director	<input checked="" type="checkbox"/> 10% Owner
(City)	(State)	(Zip)	<input type="checkbox"/> Officer	<input type="checkbox"/> Other
			(give title below)	(specify below)
			6. Individual or Joint/Group Filing(Check Applicable Line)	
			<input type="checkbox"/> Form filed by One Reporting Person	
			<input checked="" type="checkbox"/> Form filed by More than One Reporting Person	

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	13,266,146	I (1) (2) (3)	See Footnote (2) (3)

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

SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative	5. Ownership Form of Derivative Security:	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Security	Direct (D) or Indirect (I) (Instr. 5)
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MHR Institutional Advisors III LLC 40 WEST 57TH STREET, 24TH FLOOR NEW YORK, NY 10019	Â	Â X	Â	Â
MHR Institutional Partners III LP 40 WEST 57TH STREET, 24TH FLOOR NEW YORK, NY 10019	Â	Â X	Â	Â
MHR FUND MANAGEMENT LLC 40 WEST 57TH STREET, 24TH FLOOR NEW YORK, NY 10019	Â	Â X	Â	Â
RACHESKY MARK H MD 40 WEST 57TH STREET, 24TH FLOOR NEW YORK, NY 10019	Â	Â X	Â	Â

## Signatures

MHR INSTITUTIONAL ADVISORS III LLC, By: /s/ Hal Goldstein, Name: Hal Goldstein,  
Title: Vice President

03/10/2008

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 5(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) This Form 3 is being filed to report that each of (i) MHR Institutional Partners III LP, a Delaware limited partnership ("Institutional Partners III"), and (ii) MHR Institutional Advisors III LLC, a Delaware limited liability company ("Institutional Advisors III"), became beneficial owners of greater than 10% of the outstanding shares of common stock (the "Common Stock") of Key Energy Services, Inc. (the "Issuer") solely due to a reduction in the number of outstanding shares of Common Stock of the Issuer as reported on its Form 10-K for the fiscal year ended December 31, 2007, filed on February 29, 2008.

(2) These shares are held for the account of Institutional Partners III. Institutional Advisors III is the general partner of Institutional Partners III. Mark H. Rachesky, M.D. ("Dr. Rachesky") is the managing member of Institutional Advisors III. In such capacity, Dr. Rachesky may be deemed to be the beneficial owner of the shares held for the account of Institutional Partners III. MHR Fund Management LLC, a Delaware limited liability company ("Fund Management"), is an affiliate of, and has an investment management agreement with, Institutional Partners III pursuant to which it has the power to vote or direct the vote and to dispose or to direct the disposition of the shares held for the account of Institutional Partners III and, accordingly, Fund Management may be deemed to beneficially own the shares held for the account of Institutional Partners III.

(3) Dr. Rachesky and Fund Management may also be deemed to be beneficial owners of the shares of Common Stock of the Issuer as reported on that certain Form 4, dated January 9, 2008.

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.