

KEY ENERGY SERVICES INC  
 Form 4  
 March 03, 2010

**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 \*  
 ALARIO RICHARD J

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)  
 1301 MCKINNEY STREET, SUITE 1800

3. Date of Earliest Transaction (Month/Day/Year)  
 03/01/2010

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 CEO, President and Chair

(Street)  
 HOUSTON, TX 77010

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 Indirect Ownership (Instr. 4)
				Code V	Amount	(A) or (D)	Price
Common Stock	03/02/2010		F		61,505 (1)	D	\$ 10.56 (2)
					1,059,993	(3)	D

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)**

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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)
				Code V (A) (D)		Date Exercisable Expiration Date	Title Amount or Number of Shares
Performance Units <sup>(4)</sup>	<u>(4)</u>	03/01/2010		A	53,998	<u>(4)</u> <u>(4)</u>	Common Stock 53,998

**Reporting Owners**

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ALARIO RICHARD J 1301 MCKINNEY STREET SUITE 1800 HOUSTON, TX 77010	X		CEO, President and Chair	

**Signatures**

By Robert B. Rapfogel, Attorney-in-fact for Richard J. Alario 03/03/2010

\_\_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 March 2, 2010 of 194,620 shares of restricted stock.
- (2) Vesting price is based on the closing price of common stock on March 2, 2010, pursuant to the Key Energy Services, Inc. 2007 Equity and Cash Incentive Plan (the "2007 Plan").
- (3) Includes 856,720 unvested shares of restricted stock granted under the Key Energy Group, Inc. 1997 Incentive Plan, the 2007 Plan and the Key Energy Services, Inc. 2009 Equity and Cash Incentive Plan (the "2009 Plan").  
  
Represents performance units granted under the 2009 Plan. Half of the performance units are subject to a performance period from March 1, 2010 through February 28, 2011, and half are subject to a performance period from March 1, 2011 through February 29, 2012. At the end of each performance period, either 0%, 50% or 100% of the performance units subject to that performance period will vest based on the relative performance of Key Energy Services, Inc. within a peer group of companies as measured by total shareholder return. If any performance units vest at the end of a performance period, such vested performance units will be settled within sixty (60) days after the vesting date, solely in cash, in an amount equal to the closing price per share of Key Energy Services, Inc.'s common stock on the last trading day of the performance period.

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.