CARNETT JOHN

Form 4

December 23, 2008

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

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OMB APPROVAL

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January 31, 2005

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obligations may continue. See Instruction

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

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading **CARNETT JOHN** Issuer Symbol KEY ENERGY SERVICES INC (Check all applicable) [KEG] (Middle) (Last) (First) 3. Date of Earliest Transaction Director 10% Owner Other (specify X_ Officer (give title (Month/Day/Year) below) 1301 MCKINNEY STREET, SUITE 12/22/2008 **SVP-Pressure Pumping Ops** 1800 (Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Filing(Check Filed(Month/Day/Year) Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting HOUSTON, TX 77010 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)	3. 4. Securities Acquired Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8)			of (D)	5. Amount of Securities Beneficially Owned Following Reported	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)		
			Code V	Amount	(A) or (D)	Price	Transaction(s) (Instr. 3 and 4)			
Common Stock	12/22/2008		M	10,000	A	<u>(1)</u>	26,202 (2)	D		
Common Stock	12/22/2008		D	10,000	D	\$ 4.09 (1)	16,202 (2)	D		

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

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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. Transactic Code (Instr. 8)	5. Number of stiorDerivative 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
Phantom Stock	<u>(1)</u>	12/22/2008		M		10,000	12/22/2008	12/22/2010	Common Stock	10,000

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

CARNETT JOHN 1301 MCKINNEY STREET SUITE 1800 HOUSTON, TX 77010

SVP-Pressure Pumping Ops

Signatures

By Kimberly R. Frye, Attorney-in-fact for John Carnett

12/22/2008

Date

**Signature of Reporting Person

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).
- Each share of phantom stock was the economic equivalent of one share of Key Energy Services, Inc.'s common stock, which, pursuant to (1) the plan under which it was granted, was required to be settled in cash based on the closing price on the date each such share vested. 10,000 shares of the reporting person's phantom stock vested on December 22, 2008 and, as required under the plan, was settled in cash.
- (2) Includes 16,202 unvested restricted stock shares granted under the 1997 Plan and the Key Energy Services, Inc. 2007 Equity and Cash Incentive Plan.

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.

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