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KEY ENERGY SERVICES INC

Form 10-K/A

February 28, 2001

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

FORM 10-K/A

(MARK ONE)

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED JUNE 30, 2000

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 1-8038

KEY ENERGY SERVICES, INC.
(Exact name of registrant as specified in its charter)

MARYLAND
(State or other jurisdiction of
incorporation or organization)

04-2648081
(I.R.S. Employer Identification No.)

TWO TOWER CENTER, 20TH FLOOR, EAST BRUNSWICK, NJ
(Address of principal executive offices)

08816
(Zip Code)

Registrant's telephone number, including area code: (732) 247-4822

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
Common Stock, \$.10 par value	New York Stock Exchange

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SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
5% Convertible Subordinated Notes Due 2004

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

The aggregate market value of the Common Shares held by nonaffiliates of the Registrant as of February 23, 2001: 97,757,756 was approximately \$1,074,358.

Common Shares outstanding at February 23, 2001: 98,338,411

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the Proxy Statement with respect to the Annual Meeting of Shareholders were incorporated by reference in the Company's 10K.

KEY ENERGY SERVICES, INC.

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PART I.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements in this document that relate to matters that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When used in this document and the documents incorporated by reference, words such as "anticipate," "believe," "expect," "plan," "intend," "estimate," "project," "will," "could," "may," "predict" and similar expressions are intended to identify forward-looking statements. Further events and actual results may differ materially from the results set forth in or implied in the forward-looking statements. Factors that might cause such a difference include:

- fluctuations in world-wide prices and demand for oil and natural gas;
- fluctuations in level of oil and natural gas exploration and development activities;
- fluctuations in the demand for well servicing, contract drilling and ancillary oilfield services;
- the existence of competitors, technological changes and developments in the industry;

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- the existence of operating risks inherent in the well servicing, contract drilling and ancillary oilfield services; and
- general economic conditions, the existence of regulatory uncertainties, and the possibility of political instability in any of the countries in which Key does business, in addition to other matters discussed under "Part II--Item 7--Management's Discussion and Analysis of Results of Operations and Financial Condition."

PART I

ITEM 1. BUSINESS.

THE COMPANY

Key Energy Services, Inc. (the "Company" or "Key"), is the largest onshore, rig-based well servicing contractor in the world, with approximately 1,400 well service rigs and 1,200 fluid hauling and other oilfield vehicles as of June 30, 2000. Key provides a complete range of well services to major and independent oil and natural gas production companies, including: rig-based well maintenance, workover, completion, and recompletion services (including horizontal recompletions); oilfield trucking services; and ancillary oilfield services. Key conducts well servicing operations onshore the continental United States in the following regions: Gulf Coast (including South Texas, Central Gulf Coast of Texas and South Louisiana), Permian Basin of West Texas and Eastern New Mexico, Mid-Continent (including the Anadarko, Hugoton and Arkoma Basins and ArkLaTex region), Four Corners (including the San Juan, Piceance, Uinta, and Paradox Basins), Eastern (including the Appalachian, Michigan and Illinois Basins), Rocky Mountains (including the Denver-Julesberg, Powder River, Wind River, Green River and Williston Basins), and California (the San Joaquin Basin), and internationally in Argentina and Ontario, Canada. Key is also a leading onshore drilling contractor, with 73 land drilling rigs as of June 30, 2000. Key conducts land drilling operations in a number of major domestic producing basins, as well as in Argentina and in Ontario, Canada. Key also produces and develops oil and natural gas reserves in the Permian Basin region and Texas Panhandle.

Key's principal executive offices are located at Two Tower Center, 20th Floor, East Brunswick, New Jersey 08816. Key's phone number is (732) 247-4822 and website address is www.keyenergy.com.

BUSINESS STRATEGY

Key has built its leadership position through the consolidation of smaller, less viable competitors. This consolidation, together with a continuing decline in the number of available domestic well service rigs due to attrition, cannibalization and transfers outside of the United States, has given Key the opportunity to

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capitalize on improved market conditions which existed during fiscal 2000. Key has focused on maximizing results by reducing debt, building strong customer alliances, refurbishing rigs and related equipment, and training personnel to maintain a qualified and safe employee base.

REDUCING DEBT. Over the past fiscal year, Key has significantly reduced debt and strengthened its balance sheet. At June 30, 2000, Key's long-term funded debt net of cash (net funded debt) was approximately \$534,816,000 and its net funded debt to capitalization was approximately 58% as compared to approximately \$656,194,000 and 69%, respectively, at June 30, 1999. Key expects

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to be able to continue to reduce debt from available cash flow from operations and from anticipated interest savings resulting from prior and future debt reductions and future debt refinancings.

BUILDING STRONG CUSTOMER ALLIANCES. Key seeks to maximize customer satisfaction by offering a broad range of equipment and services in conjunction with highly trained and motivated employees. As a result, Key is able to offer proactive solutions for most of the situations encountered at the wellsite. Key ensures consistent high standards of quality and customer satisfaction by continually evaluating its performance. Key maintains strong alliances with several major oil and natural gas production companies as well as several independent oil and natural gas production companies and believes that such alliances improve the stability of demand for its oilfield services.

REFURBISHING RIGS AND RELATED EQUIPMENT. Key intends to continue actively refurbishing its rigs and related equipment to maximize the utilization of its rig fleet. The increase in cash flow, both from operations and from anticipated interest savings from reduced levels of debt, combined with the increased revolver availability, has provided ample liquidity and resources necessary to make the capital expenditures to refurbish such equipment.

TRAINING AND DEVELOPING EMPLOYEES. Key has, and will continue to, devote significant resources to the training and professional development of its employees with a special emphasis on safety. Key currently has two training centers in Texas and one training center in California to improve its employees' understanding of operating and safety procedures. Key recognizes the historically high turn-over rate in the industry and is committed to offering compensation, benefits and incentive programs for its employees that are attractive and competitive in its industry, in order to ensure a steady stream of qualified, safe personnel to provide quality service to its customers.

MAJOR DEVELOPMENTS DURING FISCAL 2000

INDUSTRY RECOVERY

During the fourth quarter of calendar year 1997, an imbalance began to develop in the supply and the demand for crude oil. Reduced demand was fueled by the Asian recession and two consecutive unusually warm winters in North America. The supply of crude oil increased as a result of increased production quotas by the Organization of Petroleum Exporting Countries ("OPEC") and renewed production by Iraq. The resulting excess supply of crude oil caused significant declines in crude oil prices during calendar year 1998 and the first quarter of calendar year 1999. Crude oil prices averaged \$14 to \$15 per barrel during calendar year 1998 compared to \$20 to \$21 per barrel during calendar year 1997 and reached a 12-year low of below \$11.00 per barrel in December 1998. Natural gas prices were also lower during the second half of calendar year 1998 as unusually warm winters in North America during calendar years 1997 and 1998 resulted in weaker demand with prices reaching a low of approximately \$1.60 per Mcf in early calendar year 1999. Reduced prices for crude oil and natural gas led to a sharp decline in the demand for oilfield services as oil and natural gas companies significantly reduced capital spending for exploration, development and production activities well into calendar year 1999. Key's operations were significantly impacted by the downturn in the industry throughout fiscal 1999, and, in response to this downturn, Key reduced operating and administrative costs and delayed capital spending.

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In March 1999, OPEC and other non-OPEC oil-producing countries, substantially reduced production to a point which, together with improving demand for oil, caused crude oil prices to recover significantly through the spring and summer of 1999. In addition, these oil producing countries agreed to

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production quotas to be adjusted based on demand in order to keep crude oil prices in the range of \$22 to \$28 per barrel. The successful implementation and subsequent adherence to these quotas, along with improving demand, have led to increased crude oil prices during fiscal 2000 with WTI Cushing prices averaging \$25.97 per barrel during such period. In addition, domestic natural gas prices increased significantly due to increased demand during that period with Nymex Henry Hub prices averaging \$3.04 per Mcf during such period.

This increase in commodity prices led to an increase in the demand for Key's services and equipment during fiscal 2000 as Key's customers increased their exploration and development activities in Key's primary market areas. This increase in demand resulted in sequential increases in cash flow and net income in each quarter of fiscal 2000 over the immediately preceding quarter while revenues increased sequentially in three of the four quarters during that period. Key expects demand for its services to remain at or above current levels as long as commodity prices remain at or near their current levels.

The level of Key's revenues, cash flows, losses and earnings are substantially dependent upon, and affected by, the level of domestic and international oil and gas exploration and development activity (see Part II--Item 7--Management's Discussion and Analysis of Results of Operations and Financial Condition).

DEBT REDUCTION

During fiscal 2000, Key significantly reduced its long-term debt and strengthened its balance sheet. At June 30, 2000, Key's net funded debt was approximately \$534,816,000 and its net funded debt to capitalization was approximately 59% as compared to approximately \$656,194,000 and 69%, respectively, at June 30, 1999. Proceeds from the Equity Offering (defined below), the Production Payment (defined below) and exercises of options and warrants, and cash flow from operations were used to accomplish this reduction in net funded debt (see Part II--Item 7--Management's Discussion and Analysis of Results of Operations and Financial Condition--Long-Term Debt).

EQUITY OFFERING

On June 30, 2000, Key closed the public offering of 11,000,000 shares of common stock at \$9.625 per share, or approximately \$106 million (the "Equity Offering"). Net proceeds from the Equity Offering were approximately \$101 million, approximately \$25.3 million of which was used to immediately repay a portion of Key's senior credit facility term loans (approximately \$23 million for the Tranche A term loan and approximately \$2.3 million for the Tranche B term loan) and \$65 million of which was subsequently used to repay a portion of the senior credit facility revolver. After these repayments, the Tranche A term loan had been paid in full, the Tranche B term loan had been reduced to approximately \$174 million, and the revolver had been reduced to approximately \$28 million. The remainder of the net proceeds were used to retire other long-term debt. As a result of the Equity Offering, total shares outstanding as of June 30, 2000 were approximately 96.8 million, an increase of approximately 12.8% over the amount outstanding immediately prior to the Equity Offering (see Note 10 to Consolidated Financial Statements--Stockholders' Equity).

VOLUMETRIC PRODUCTION PAYMENT

In March 2000, Key sold a part of its future oil and natural gas production from Odessa Exploration Incorporated ("Odessa Exploration"), its wholly owned subsidiary, for gross proceeds of \$20 million pursuant to an agreement under which the purchaser is entitled to receive a share of the production from certain oil and natural gas properties in amounts ranging from 3,500 to 10,000 barrels of oil and 58,800 to

122,100 Mmbtu of natural gas per month over a six year period ending February 2006. The total volume of the forward sale is approximately 486,000 barrels of oil and 6.135 million Mmbtus of natural gas. The transaction is referred to elsewhere in this report as the "Production Payment."

DESCRIPTION OF BUSINESS SEGMENTS

Key operates in three business segments which are well servicing, contract drilling and oil and natural gas production. Our operations are conducted both domestically and in Argentina and Canada. The following is a description of each of these business segments (for financial information regarding these business segments, see Note 15 to Consolidated Financial Statements--Business Segment Information).

WELL SERVICING

Key provides a full range of well services, including rig-based services, oilfield trucking services and ancillary oilfield services, necessary to maintain and workover oil and natural gas producing wells. Rig-based services include: maintenance of existing wells, workovers of existing wells, completion of newly drilled wells, recompletion of existing wells (including horizontal recompletions) and plugging and abandonment of wells at the end of their useful lives.

WELL SERVICE RIGS

Key's well service rig fleet performs four major rig services to oil and natural gas operators.

MAINTENANCE SERVICES. Key estimates that there are approximately 600,000 producing oil wells and approximately 300,000 producing natural gas wells in the United States. Key provides the well service rigs, equipment and crews for maintenance services, which are performed on both oil and natural gas wells, but which are more commonly required on oil wells. While some oil wells in the United States flow oil to the surface without mechanical assistance, most require pumping or some other method of artificial lift. Oil wells that require pumping characteristically require more maintenance than flowing wells due to the operation of the mechanical pumping equipment installed. Few natural gas wells have mechanical pumping systems in the wellbore, and, as a result, maintenance work on natural gas wells is less frequent.

Maintenance services are required throughout the life of most producing natural gas and oil wells to ensure efficient and continuous operation. These services consist of routine mechanical repairs necessary to maintain production from the well, such as repairing inoperable pumping equipment in an oil well or replacing defective tubing in a natural gas well, and removing debris such as sand and paraffin from the well. Other services include pulling the rods, tubing, pumps and other downhole equipment out of the wellbore to identify and repair a production problem.

Maintenance services are often performed on a series of wells in proximity to each other and typically require less than 48 hours per well to complete. The general demand for maintenance services is closely related to the total number of producing oil and natural gas wells in a geographic market, and maintenance services are generally the most stable type of well service activity. The average cost of a maintenance job typically ranges between \$800 and \$1,500, excluding the costs of parts, services and other vendors at the wellsite.

WORKOVER SERVICES. In addition to periodic maintenance, producing oil and natural gas wells occasionally require major repairs or modifications, called

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"workovers". Workover services are performed to enhance the current production of existing wells. Such services include extensions of existing wells to drain new formations either through deepening wellbores to new zones or through drilling of horizontal lateral wellbores to improve reservoir drainage patterns. In less extensive workovers, Key's rigs are used to seal off depleted zones in existing wellbores and access previously bypassed productive zones. Key's workover rigs are also used to convert former producing wells to injection wells through which water or carbon dioxide is then pumped into the formation for enhanced recovery operations. Other workover services include: major

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subsurface repairs such as casing repair or replacement, recovery of tubing and removal of foreign objects in the wellbore, repairing downhole equipment failures, plugging back the bottom of a well to reduce the amount of water being produced with the oil and natural gas, cleaning out and recompleting a well if production has declined, and repairing leaks in the tubing and casing. These extensive workover operations are normally performed by a well service rig with a workover package, which may include rotary drilling equipment, mud pumps, mud tanks and blowout preventers depending upon the particular type of workover operation. Most of Key's well service rigs are designed for and can be equipped to perform complex workover operations.

Workover services are more complex and time consuming than routine maintenance operations and consequently may last from a few days to several weeks. These services are almost exclusively performed by well service rigs. The average cost of a workover project typically ranges between \$5,000 and \$50,000, excluding the costs of parts, services and other vendors at the wellsite, and is usually less expensive than drilling a new well.

The demand for workover services is more sensitive to expectations relating to, and changes in, oil and natural gas prices than the demand for maintenance services. As oil and natural gas prices increase, the level of workover activity tends to increase as operators seek to increase production by enhancing the efficiency of their wells at higher commodity prices with correspondingly higher rates of return.

COMPLETION SERVICES. Key's completion services prepare a newly drilled natural gas or oil well for production. The completion process may involve selectively perforating the well casing to access producing zones, stimulating and testing these zones and installing downhole equipment. Key typically provides a well service rig and may also provide other equipment such as a workover package, to assist in the completion process. Producers use well service rigs to complete their wells because the rigs have specialized equipment, properly trained employees and the experience necessary to perform these services. However, during periods of weak drilling rig demand, drilling contractors may compete with service rigs for completion work.

The completion process typically requires a few days to several weeks, depending on the nature and type of the completion, and generally requires additional auxiliary equipment that can be provided for an additional fee. The demand for well completion services is directly related to drilling activity levels, which are highly sensitive to expectations relating to, and changes in, oil and natural gas prices. As the number of newly drilled wells decreases, the number of completion jobs correspondingly decreases. The average cost of a completion typically ranges between \$5,000 and \$50,000, excluding the costs of parts, services and other vendors at the wellsite.

PLUGGING AND ABANDONMENT SERVICES. Well service rigs and workover equipment are also used in the process of permanently closing oil and natural gas wells at the end of their productive lives. Plugging and abandonment work can be performed with a well servicing rig along with wireline and cementing equipment.

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The services generally include the sale or disposal of equipment salvaged from the well as part of the compensation received and require compliance with state regulatory requirements. The demand for oil and natural gas does not significantly affect the demand for plugging and abandonment services, as well operators are required by state regulations to plug a well that it is no longer productive. The need for these services is also driven by lease, and/or operator policy requirements.

OILFIELD TRUCKING

Key provides liquid/vacuum truck services and fluid transportation and disposal services for operators whose wells produce saltwater and other fluids, in addition to oil and natural gas. These trucks are also utilized in connection with drilling and workover projects, which tend to produce and use large amounts of various oilfield fluids. Key also owns a number of salt water disposal wells. In addition, Key provides haul/ equipment trucks that are used to move large pieces of equipment from one wellsite to the next.

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ANCILLARY OILFIELD SERVICES

Key provides ancillary oilfield services, which include among others: hot oiling; wireline; frac tank rentals; well site construction; roustabout services; fishing and other tool rentals; supplying blowout preventers (BOPs); and foam units and air drilling services. Demand and pricing for these services are generally related to demand for Key's well service and drilling rigs.

CONTRACT DRILLING

Key provides contract drilling services to major oil companies and independent oil producers onshore the continental United States in the Permian Basin, the Four Corners region, Michigan, the Northeast, and the Rocky Mountains and internationally in Argentina and Ontario, Canada. Drilling services are primarily provided under standard dayrate, footage or turnkey contracts. Drilling rigs vary in size and capability and may include specialized equipment. The majority of Key's drilling rigs are equipped with mechanical power systems and have depth ratings ranging from 4,500 feet to 20,000 feet for an average of approximately 8,700 feet.

OIL AND NATURAL GAS PRODUCTION

Key is engaged in the production of oil and natural gas in the Permian Basin and Panhandle regions of West Texas through Odessa Exploration. Odessa Exploration manages interests in oil and natural gas producing properties for its own account and for drilling partnerships which it sponsors. Odessa Exploration operates oil and natural gas wells on behalf of over 250 working interest owners as well as for its own account.

FOREIGN OPERATIONS

Key also operates each of its business segments discussed above in Argentina and Ontario, Canada. Key's foreign operations currently own 24 well servicing rigs, 45 oilfield trucks and seven drilling rigs in Argentina and one well servicing rig, two oilfield trucks and three drilling rigs in Ontario, Canada.

CUSTOMERS

Key's customers include major oil and natural gas production companies, foreign national oil and natural gas production companies and independent oil and gas production companies. No single customer in fiscal 2000 accounted for 10% or more of Key's consolidated revenues.

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COMPETITION AND OTHER EXTERNAL FACTORS

Despite the significant consolidation in the domestic well servicing industry, there are several smaller companies that compete in Key's well servicing markets. Nonetheless, Key believes that its performance, equipment, safety, pricing, and availability of equipment to meet customer needs and availability of experienced, skilled personnel is superior to that of its competitors.

In the well servicing markets, an important competitive factor in establishing and maintaining long-term customer relationships is having an experienced, skilled and well-trained work force. In recent years, many of Key's larger customers have placed increased emphasis on the safety records and quality of the crews, equipment and services provided by their contractors. Key has, and will continue to devote substantial resources toward employee safety and training programs. Many of Key's competitors, particularly small contractors, have not undertaken similar training programs for their employees. Management believes that Key's safety record and reputation for quality equipment and service are among the best in the industry.

Key competes with other regional and national oil and natural gas drilling contractors, some of which have larger rig fleets with greater average depth capabilities and a few that have better capital resources

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than Key. Management believes that the drilling industry is less consolidated than the well servicing industry, resulting in a drilling market that is more price competitive. Nonetheless, Key believes that it is competitive in terms of drilling performance, equipment, safety, pricing, availability of equipment to meet customer needs and availability of experienced, skilled personnel in those regions in which it operates.

The need for oilfield services fluctuates, in part, in relation to the demand for oil and natural gas. As demand for those commodities increases, service and maintenance requirements increase as oil and natural gas producers attempt to maximize the producing efficiency of their wells in a higher priced environment.

EMPLOYEES

As of June 30, 2000, Key employed approximately 7,436 persons (approximately 7,374 in oilfield and drilling services, nine in oil and natural gas production and 53 in corporate). Key's employees are not represented by a labor union and are not covered by collective bargaining agreements. Key has not experienced work stoppages associated with labor disputes or grievances and consider its relations with its employees to be satisfactory.

ENVIRONMENTAL REGULATIONS

Key's oilfield service operations, oil and natural gas production and drilling activities are subject to various local, state and federal laws and regulations intended to protect the environment. Key's operations routinely involve the handling of waste materials, some of which are classified as hazardous substances. Consequently, the regulations applicable to Key's operations include those with respect to containment, disposal and controlling the discharge of any hazardous oilfield waste and other non-hazardous waste material into the environment, requiring removal and cleanup under certain circumstances, or otherwise relating to the protection of the environment. Laws and regulations protecting the environment have become more stringent in recent years, and may in certain circumstances impose "strict liability," rendering a

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party liable for environmental damage without regard to negligence or fault on the part of such party. Such laws and regulations may expose us to liability for the conduct of, or conditions caused by, others, or for Key's acts, which were in compliance with all applicable laws at the times such acts were performed. Cleanup costs and other damages arising as a result of environmental laws, and costs associated with changes in environmental laws and regulations could be substantial and could have a material adverse effect on Key's financial condition. From time to time, claims have been made and litigation has been brought against Key under such laws. However, the costs incurred in connection with such claims and other costs of environmental compliance have not had any material adverse effect on Key's operations or financial statements in the past, and management is not currently aware of any situation or condition that it believes is likely to have any such material adverse effect in the future. Management believes that it conducts Key's operations in substantial compliance with all material federal, state and local regulations as they relate to the environment. Although Key has incurred certain costs in complying with environmental laws and regulations, such amounts have not been material to Key's financial results during the past three fiscal years.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, this Registration has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KEY ENERGY SERVICES, INC.
(Registrant)

Dated: February 27, 2001

By: /s/ FRANCIS D. JOHN

Francis D. John
CHAIRMAN OF THE BOARD, PRESIDENT
AND CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: February 27, 2001

By: /s/ FRANCIS D. JOHN

Francis D. John
CHAIRMAN OF THE BOARD, PRESIDENT
AND CHIEF EXECUTIVE OFFICER

Dated: February 27, 2001

By: /s/ THOMAS K. GRUNDMAN

Thomas K. Grundman
CHIEF FINANCIAL OFFICER
AND CHIEF ACCOUNTING OFFICER

Dated: February 27, 2001

By: /s/ MORTON WOLKOWITZ

Morton Wolkowitz
DIRECTOR

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Dated: February 27, 2001

By: /s/ DAVID J. BREAZZANO

David J. Breazzano
DIRECTOR

Dated: February 27, 2001

By: /s/ WILLIAM MANLY

William Manly
DIRECTOR

Dated: February 27, 2001

By: /s/ KEVIN P. COLLINS

Kevin P. Collins
DIRECTOR

Dated: February 27, 2001

By: /s/ W. PHILLIP MARCUM

W. Phillip Marcum
DIRECTOR

Dated: February 27, 2001

By: /s/ WILLIAM D. FERTIG

William D. Fertig
DIRECTOR