

KEY ENERGY SERVICES INC  
Form NT 10-Q  
May 11, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 12b-25**

**NOTIFICATION OF LATE FILING**

OMB APPROVAL  
OMB Number: 3235-0058  
Expires: April 30, 2009  
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(Check one):     Form 10-K             Form 20-F             Form 11-K             Form 10-Q             Form 10-D

Form N-SAR             Form N-CSR

For Period Ended:            March 31, 2007

- Transition Report on Form 10-K
  - Transition Report on Form 20-F
  - Transition Report on Form 11-K
  - Transition Report on Form 10-Q
  - Transition Report on Form N-SAR
- For the Transition Period Ended:

*Read Instructions (on back page) Before Preparing Form. Please Print or Type.*

**Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.**

If the notification relates to a portion of the filing checked above, identify the Item(s) to which the notification relates:

**PART I REGISTRANT INFORMATION**

**Key Energy Services, Inc.**  
Full Name of Registrant

**Not Applicable**  
Former Name if Applicable

**1301 McKinney Street, Suite 1800**  
Address of Principal Executive Office (*Street and Number*)

**Houston, Texas 77010**  
City, State and Zip Code

**PART II RULES 12b-25(b) AND (c)**

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate)

- (a) The reason described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense

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- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- o
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

### **PART III NARRATIVE**

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR, or the transition report or portion thereof, could not be filed within the prescribed time period.

SEC 1344  
(03-05)

**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 control number.**

(Attach extra Sheets if Needed)

The Registrant is unable to file its Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 within the prescribed time period. As previously reported, the Registrant was unable to file its Annual Report on Form 10-K for the year ended December 31, 2003 due to its restatement process. The audit of the Registrant's consolidated balance sheets as of December 31, 2003 and December 31, 2002 and June 30, 2002 and the related consolidated statements of operations, stockholders' equity, comprehensive income and cash flows for fiscal periods ended December 31, 2003, December 31, 2002, June 30, 2002, and June 30, 2001 was completed in October 2006. The Registrant's former independent public accountants, KPMG LLP, expressed an unqualified opinion that the Registrant's December 31, 2003 consolidated balance sheet (the 2003 Balance Sheet) fairly presents its financial condition on December 31, 2003, in accordance with GAAP. The independent public accountants opined that the financial statements other than the 2003 Balance Sheet do not fairly present the Registrant's financial condition or results of operations or cash flows for the periods covered in accordance with GAAP. Due to its inability to file an Annual Report on Form 10-K for the period ended December 31, 2003 containing financial statements presented in accordance with GAAP, accompanied by an opinion of independent public accountants, the Registrant filed a Current Report on Form 8-K containing a Financial and Informational Report that included the foregoing financial statements.

Further, the Registrant has been unable to file its Annual Report on Form 10-K for the year ended December 31, 2004, Annual Report on Form 10-K for the year ended December 31, 2005, its Annual Report on Form 10-K for the year ended December 31, 2006, its Quarterly Reports on Form 10-Q for the first three quarters of 2004, its Quarterly Reports on Form 10-Q for the first three quarters of 2005 and its Quarterly Report on Form 10-Q for the first three quarters of 2006 due to its restatement process. The Registrant intends to file an Annual Report on Form 10-K for the year ended December 31, 2006, which will include the financial statements for 2004 and 2005, and to file 2005 and 2006 Quarterly Reports on Form 10-Q. The Registrant also intends to file a Quarterly Report on Form 10-Q for the quarter ended March 31, 2007. The Registrant cannot predict at this time when those filings will be made. The Registrant does not intend to file 2004 and 2005 Annual Reports on Form 10-K or 2004 Quarterly Reports on Form 10-Q. Please see the attached additional pages.

**PART IV OTHER INFORMATION**

(1) Name and telephone number of person to contact in regard to this notification

William M. Austin	713	651-4300
(Name)	(Area Code)	(Telephone Number)

(2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If answer is no, identify report(s).

Yes  No

Annual Report on Form 10-K for the period ending December 31, 2003; Quarterly Report on Form 10-Q for the period ending March 31, 2004; Quarterly Report on Form 10-Q for the period ending June 30, 2004; Quarterly Report on Form 10-Q for the period ending September 30, 2004; Annual Report on Form 10-K for the period ending December 31, 2004; Quarterly Report on Form 10-Q for the period ended March 31, 2005; Quarterly Report on Form 10-Q for the period ended June 30, 2005; Quarterly Report on Form 10-Q for the period ending September 30, 2005; Annual Report on Form 10-K for the period ending December 31, 2005; Quarterly Report on Form 10-Q for the period ending March 31, 2006; Quarterly Report on Form 10-Q for the period ending June 30, 2006; Quarterly Report on Form 10-Q for the period ending September 30, 2006; Annual Report on Form 10-K for the period ending December 31, 2006.

(3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

Yes  No

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

In October 2006, the Registrant completed the audit of its financial statements for the year ended December 31, 2003. The Registrant intends to file an Annual Report on Form 10-K for the year ended December 31, 2006, which will include the financial statements for 2004 and 2005, and the 2005 and 2006 Quarterly Reports on Form 10-Q. The Registrant also intends to file a Quarterly Report on Form 10-Q for the quarter ended March 31, 2007. Please see the attached additional pages for information presently available concerning changes in results from prior periods to 2007.

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Key Energy Services, Inc.

(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned hereunto duly authorized.

Date May 11, 2007 By /s/ William M. Austin  
William M. Austin, *Senior Vice President and  
Chief Financial Officer*

INSTRUCTION: The form may be signed by an executive officer of the registrant or by any other duly authorized representative. The name and title of the person signing the form shall be typed or printed beneath the signature. If the statement is signed on behalf of the registrant by an authorized representative (other than an executive officer), evidence of the representative's authority to sign on behalf of the registrant shall be filed with the form.

**ATTENTION**

**Intentional misstatements or omissions of fact constitute Federal Criminal Violations (See 18 U.S.C. 1001).**

**ADDITIONAL INFORMATION (PART IV, ITEM 3)**

As previously disclosed, in October 2006 Key Energy Services, Inc. (the Company or the Registrant) completed the audit of its consolidated balance sheets as of December 31, 2003 and 2002 and June 30, 2002 and the related consolidated statements of operations, stockholders' equity, comprehensive income and cash flows for fiscal periods ended December 31, 2003, December 31, 2002, June 30, 2002, and June 30, 2001. The Registrant intends to file an Annual Report on Form 10-K for the year ended December 31, 2006, which will include the financial statements for 2004 and 2005, and to file 2005 and 2006 Quarterly Reports on Form 10-Q. The Registrant also intends to file a Quarterly Report on Form 10-Q for the quarter ended March 31, 2007. The Registrant does not intend to file 2004 and 2005 Annual Reports on Form 10-K or 2004 Quarterly Reports on Form 10-Q. The Registrant can make no assurance as to when those filings will be made.

Until the Registrant completes the preparation and audit of its 2004, 2005 and 2006 financial statements, it cannot reasonably estimate its results for quarter ended March 31, 2007, since it includes, but not limited to, items such as:

- depreciation expense for 2006;
- non-cash interest expense for 2006; and
- income taxes

that are not determinable until all other costs in prior year periods have been determined. Further, such information may be subject to adjustments due to the restatement, as certain corrections of prior period historical information will affect amounts recorded in subsequent periods.

The Registrant has provided selected financial data for each of the quarters ended March 31, June 30, September 30, and December 31, for 2006, 2005, 2004 and 2003, respectively. Set forth below is selected financial information for the Registrant for the quarter ended March 31, 2007 and 2006, respectively. This unaudited information has been prepared by management in accordance with generally accepted accounting principles. The selected financial data are subject, however, to adjustments due to the need to roll-forward the changes and policy modifications that came out of the restatement process and adjustments resulting from the finalization and audit of the 2004 through 2006 financial statements. Further, the selected financial data has not been reviewed or audited by the Registrant's independent accountants. The table does not contain all the financial statement line captions and notes that would be presented in the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007.



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Select Statement of Operations Data:	Quarter Ended March 31, 2007 (In thousands - Unaudited)	Quarter Ended March 31, 2006 (In thousands - Unaudited)
<b>Revenue:</b>		
Well servicing	\$ 308,249	\$ 271,910
Pressure pumping	74,077	51,798
Fishing and rental services	23,682	23,244
<b>TOTAL REVENUE</b>	<b>\$ 406,008</b>	<b>\$ 346,952</b>
<b>Costs and Expenses:</b>		
Well servicing	\$ 180,112	\$ 172,610
Pressure pumping	44,462	29,113
Fishing and rental services	13,566	14,801
General and administrative	50,993	39,979
Interest	10,206	9,884

The information herein represents the results the quarter and the information herein is not necessarily indicative of the results that may be reported for the fiscal year ended December 31, 2007. The information herein is select financial data and does not represent a complete set of financial statements, which would include additional financial data and notes to financial statements. Although the restatement of the Company's prior year financial statements has been completed, the unaudited information herein may be subject to adjustments due to the restatement, as certain corrections of prior period historical information will affect amounts recorded in subsequent periods. It is possible that the process of completing and auditing the Company's financial statements for the fiscal years ending 2004, 2005, 2006 and 2007 could require other changes to the Company's financial statements. Any of the foregoing changes could, individually or in the aggregate, be material to the Company's financial position, results of operations or liquidity.