

KEY ENERGY SERVICES INC
Form SC 13D/A
May 04, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
SCHEDULE 13D
UNDER THE SECURITIES EXCHANGE ACT OF 1934
(Amendment No. 3)***

KEY ENERGY SERVICES, INC.

(Name of Issuer)

COMMON STOCK, \$0.10 PAR VALUE

(Title of Class of Securities)

492914106

(CUSIP Number)

John A. Tisdale, Esq.

General Counsel

ArcLight Capital Partners, LLC

200 Clarendon Street, 55th Floor

Boston, MA 02117

Telephone: (617) 531-6300

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

May 2, 2011

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. *See* § 240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, *see* the Notes).

SCHEDULE 13D

CUSIP No. 492914106

Page 2 of 23 Pages

NAME OF REPORTING PERSON

1

OFS Energy Services, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS

4

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF 0 shares

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 8

2,685,817 shares

SOLE DISPOSITIVE POWER

EACH

9

REPORTING

PERSON 0 shares

WITH SHARED DISPOSITIVE POWER

10

309,817 shares**

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

2,685,817 shares

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

1.9%***

TYPE OF REPORTING PERSON

14

CO

** 2,376,000 shares of Common Stock are subject to a one year escrow pursuant to the Purchase and Sale Agreement by and among Key Energy Services, LLC, Key Energy Services, Inc., OFS Holdings, LLC and OFS Energy Services, LLC, described more fully in Item 4 of the Schedule 13D relating to shares of Common Stock of Key Energy Services, Inc. filed on October 12, 2010 (the Base Schedule 13D).

*** The calculations in this Schedule 13D are based on the Issuer s disclosure in its Proxy Statement for the 2011 Annual Meeting of Stockholders on Schedule 14A, filed April 13, 2011, that 142,623,972 shares of Common Stock were outstanding on March 14, 2011.

SCHEDULE 13D

CUSIP No. 492914106

Page 3 of 23 Pages

NAME OF REPORTING PERSON

1

OFS Holdings, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS

4

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF 0 shares

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY **8**

2,704,302 shares*

SOLE DISPOSITIVE POWER

EACH

9

REPORTING

PERSON 0 shares

WITH SHARED DISPOSITIVE POWER

10

328,302 shares**

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

2,704,302 shares

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

1.9%***

TYPE OF REPORTING PERSON

14

CO

* 18,485 of such shares are directly beneficially owned by OFS Holdings, LLC and 2,685,817 of such shares are indirectly beneficially owned solely in its capacity as controlling owner of the membership interests of OFS Energy Services, LLC.

** 2,376,000 shares of the Common Stock are subject to a one year escrow pursuant to the Purchase and Sale Agreement by and among Key Energy Services, LLC, Key Energy Services, Inc., OFS Holdings, LLC and OFS Energy Services, LLC, described more fully in Item 4 of the Base Schedule 13D.

*** The calculations in this Schedule 13D are based on the Issuer's disclosure in its Proxy Statement for the 2011 Annual Meeting of Stockholders on Schedule 14A, filed April 13, 2011, that 142,623,972 shares of Common Stock were outstanding on March 14, 2011.

SCHEDULE 13D

CUSIP No. 492914106

Page 4 of 23 Pages

NAME OF REPORTING PERSON

1

OFS Holdings Finance, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS

4

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF 0 shares

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 8

3,185,504 shares*

SOLE DISPOSITIVE POWER

EACH

9

REPORTING

PERSON 0 shares

WITH SHARED DISPOSITIVE POWER

10

809,504 shares**

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

3,185,504 shares

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

2.2%***

TYPE OF REPORTING PERSON

14

CO

* 481,202 of such shares are directly beneficially owned by OFS Holdings Finance, LLC and 2,704,302 of such shares are indirectly beneficially owned solely in its capacity as controlling owner of the membership interests of OFS Holdings, LLC.

** 2,376,000 shares of Common Stock are subject to a one year escrow pursuant to the Purchase and Sale Agreement by and among Key Energy Services, LLC, Key Energy Services, Inc., OFS Holdings, LLC and OFS Energy Services, LLC, described more fully in Item 4 of the Base Schedule 13D.

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SCHEDULE 13D

CUSIP No. 492914106

Page 5 of 23 Pages

NAME OF REPORTING PERSON

1

ArcLight Energy Partners Fund III, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS

4

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF 0 shares

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 8

3,185,504 shares*

SOLE DISPOSITIVE POWER

EACH

9

REPORTING

PERSON 0 shares

WITH SHARED DISPOSITIVE POWER

10

809,504 shares**

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

3,185,504 shares

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

2.2%***

TYPE OF REPORTING PERSON

14

PN

* Solely in its capacity as owner of 100% of the membership interests of OFS Holdings Finance, LLC.

** 2,376,000 shares of Common Stock are subject to a one year escrow pursuant to the Purchase and Sale Agreement by and among Key Energy Services, LLC, Key Energy Services, Inc., OFS Holdings, LLC and OFS Energy Services, LLC, described more fully in Item 4 of the Base Schedule 13D.

*** The calculations in this Schedule 13D are based on the Issuer's disclosure in its Proxy Statement for the 2011 Annual Meeting of Stockholders on Schedule 14A, filed April 13, 2011, that 142,623,972 shares of Common Stock were outstanding on March 14, 2011.

SCHEDULE 13D

CUSIP No. 492914106

Page 6 of 23 Pages

NAME OF REPORTING PERSON

1

ArcLight PEF GP III, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS

4

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF 0 shares

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 8

3,185,504 shares*

SOLE DISPOSITIVE POWER

EACH

9

REPORTING

PERSON 0 shares

WITH SHARED DISPOSITIVE POWER

10

809,504 shares**

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

3,185,504 shares

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

2.2%***

TYPE OF REPORTING PERSON

14

CO

* Solely in its capacity as general partner of ArcLight Energy Partners Fund III, L.P.

** 2,376,000 shares of Common Stock are subject to a one year escrow pursuant to the Purchase and Sale Agreement by and among Key Energy Services, LLC, Key Energy Services, Inc., OFS Holdings, LLC and OFS Energy Services, LLC, described more fully in Item 4 of the Base Schedule 13D.

*** The calculations in this Schedule 13D are based on the Issuer's disclosure in its Proxy Statement for the 2011 Annual Meeting of Stockholders on Schedule 14A, filed April 13, 2011, that 142,623,972 shares of Common Stock were outstanding on March 14, 2011.

SCHEDULE 13D

CUSIP No. 492914106

Page 7 of 23 Pages

NAME OF REPORTING PERSON

1

ArcLight Capital Partners, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

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(a)

(b)

SEC USE ONLY

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SOURCE OF FUNDS

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OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF 0 shares

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY **8**

3,185,504 shares*

SOLE DISPOSITIVE POWER

EACH

9

REPORTING

PERSON 0 shares

WITH SHARED DISPOSITIVE POWER

10

809,504 shares**

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

3,185,504 shares

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

2.2%***

TYPE OF REPORTING PERSON

14

CO

* Solely in its capacity as investment advisor of ArcLight Energy Partners Fund III, L.P.

** 2,376,000 shares of Common Stock are subject to a one year escrow pursuant to the Purchase and Sale Agreement by and among Key Energy Services, LLC, Key Energy Services, Inc., OFS Holdings, LLC and OFS Energy Services, LLC, described more fully in Item 4 of the Base Schedule 13D.

*** The calculations in this Schedule 13D are based on the Issuer's disclosure in its Proxy Statement for the 2011 Annual Meeting of Stockholders on Schedule 14A, filed April 13, 2011, that 142,623,972 shares of Common Stock were outstanding on March 14, 2011.

SCHEDULE 13D

CUSIP No. 492914106

Page 8 of 23 Pages

NAME OF REPORTING PERSON

1

ArcLight Capital Holdings, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS

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OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF 0 shares

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY **8**

3,185,504 shares*

EACH SOLE DISPOSITIVE POWER

9

REPORTING

PERSON 0 shares

WITH SHARED DISPOSITIVE POWER

10

809,504 shares**

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

3,185,504 shares

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

2.2%***

TYPE OF REPORTING PERSON

14

CO

* Solely in its capacity as the sole manager of ArcLight Capital Partners, LLC and ArcLight PEF GP III, LLC.

** 2,376,000 shares of Common Stock are subject to a one year escrow pursuant to the Purchase and Sale Agreement by and among Key Energy Services, LLC, Key Energy Services, Inc., OFS Holdings, LLC and OFS Energy Services, LLC, described more fully in Item 4 of the Base Schedule 13D.

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SCHEDULE 13D

CUSIP No. 492914106

Page 9 of 23 Pages

NAME OF REPORTING PERSON

1

Daniel R. Revers

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS

4

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

NUMBER OF 0 shares

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY **8**

3,185,504 shares*

SOLE DISPOSITIVE POWER

EACH

9

REPORTING

PERSON 0 shares

WITH SHARED DISPOSITIVE POWER

10

809,504 shares**

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

3,185,504 shares

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

2.2%***

TYPE OF REPORTING PERSON

14

IN

* Solely in his capacity as manager of ArcLight Capital Holdings, LLC, Managing Partner of ArcLight Capital Partners, LLC and director and chairman of each of OFS Energy Services, LLC and OFS Holdings, LLC.

** 2,376,000 shares of Common Stock are subject to a one year escrow pursuant to the Purchase and Sale Agreement by and among Key Energy Services, LLC, Key Energy Services, Inc., OFS Holdings, LLC and OFS Energy Services, LLC, described more fully in Item 4 of the Base Schedule 13D.

*** The calculations in this Schedule 13D are based on the Issuer's disclosure in its Proxy Statement for the 2011 Annual Meeting of Stockholders on Schedule 14A, filed April 13, 2011, that 142,623,972 shares of Common Stock were outstanding on March 14, 2011.

SCHEDULE 13D

CUSIP No. 492914106

Page 10 of 23 Pages

NAME OF REPORTING PERSON

1

Robb E. Turner

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS

4

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

NUMBER OF 0 shares

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY **8**

3,185,504 shares*

SOLE DISPOSITIVE POWER

EACH

9

REPORTING

PERSON 0 shares

WITH SHARED DISPOSITIVE POWER

10

809,504 shares**

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

3,185,504 shares

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

2.2%***

TYPE OF REPORTING PERSON

14

IN

* Solely in his capacity as manager of ArcLight Capital Holdings, LLC and Senior Partner of ArcLight Capital Partners, LLC.

** 2,376,000 shares of Common Stock are subject to a one year escrow pursuant to the Purchase and Sale Agreement by and among Key Energy Services, LLC, Key Energy Services, Inc., OFS Holdings, LLC and OFS Energy Services, LLC, described more fully in Item 4 of the Base Schedule 13D.

*** The calculations in this Schedule 13D are based on the Issuer's disclosure in its Proxy Statement for the 2011 Annual Meeting of Stockholders on Schedule 14A, filed April 13, 2011, that 142,623,972 shares of Common Stock were outstanding on March 14, 2011.

This Amendment No. 3 to the Schedule 13D relating to shares of common stock, par value \$0.10 per share (the Common Stock), of Key Energy Services, Inc., a Maryland corporation (the Issuer or Key), filed on October 12, 2010 (the Base Schedule 13D), as amended by Amendment No. 1 to Schedule 13D, filed on November 22, 2010 (Amendment No. 1), and as further amended by Amendment No. 2 to Schedule 13D, filed on January 18, 2011 (Amendment No. 2), and together with the Base Schedule 13D and Amendment No. 1, the Schedule 13D), is being jointly filed pursuant to a joint filing agreement attached as Exhibit 99.4 to the Base Schedule 13D, by the following persons to amend and supplement the Items set forth below: OFS Energy Services, LLC, OFS Holdings, LLC, OFS Holdings Finance, LLC, ArcLight Energy Partners Fund III, L.P., ArcLight PEF GP III, LLC, ArcLight Capital Partners, LLC, ArcLight Capital Holdings, LLC, Daniel R. Revers and Robb E. Turner.

Item 5. Interest in Securities of the Issuer

Item 5 of the Schedule 13D is h