

HIDAYATALLAH MUNAWAR H
 Form 4
 February 25, 2011

FORM 4

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

OMB APPROVAL

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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 *
 HIDAYATALLAH MUNAWAR H

(Last) (First) (Middle)

5075 WESTHEIMER, SUITE 890

(Street)

HOUSTON, TX 77056

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

Allis Chalmers Energy Inc. [ALY]

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

02/23/2011

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

Chairman and CEO

6. Individual or Joint/Group Filing (Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

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 Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	02/23/2011		A		728,333	A	(1) 978,333
Common Stock	02/23/2011		F		178,333	D	(2) 800,000
Common Stock	02/23/2011		D		800,000 (3)	D	(3) 0
Common Stock	02/23/2011		D		263,559 (3)	D	(3) 0
Common Stock	02/23/2011		D		8,000 (3)	D	(3) 0

By
 Hidayatallah
 Family Trust

By Munawar
 Hidayatallah

SEP IRA

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. Transaction Code	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 Number Shares
Employee Stock Option (right to buy)	\$ 3.86	02/23/2011		D	200,000	⁽⁴⁾ 02/02/2015	Common Stock 200,000
Employee Stock Option (right to buy)	\$ 10.85	02/23/2011		D	83,333	⁽⁵⁾ 12/16/2015	Common Stock 83,333
Employee Stock Option (right to buy)	\$ 3.77	02/23/2011		D	333,334	⁽⁶⁾ 03/03/2020	Common Stock 333,334

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HIDAYATALLAH MUNAWAR H 5075 WESTHEIMER, SUITE 890 HOUSTON, TX 77056	X		Chairman and CEO	

Signatures

Munawar H.
Hidayatallah

02/25/2011

__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) Pursuant to an Agreement and Plan of Merger among the Issuer, Seawell Limited and Wellco Sub Company, a wholly-owned subsidiary of Seawell Limited, dated August 12, 2010, as amended, 728,333 shares of performance based restricted stock were accelerated and vested on February 23, 2011.

(2) These shares were withheld to satisfy tax obligations in connection with the vesting of 728,333 performance-based restricted shares and 250,000 time-based restricted stock.

(3) These shares were disposed of pursuant to an Agreement and Plan of Merger among the Issuer, Seawell Limited and Wellco Sub Company, a wholly-owned subsidiary of Seawell Limited, dated August 12, 2010, as amended. The Reporting Person received 1.15 shares of Seawell Limited common stock for each share of Allis-Chalmers common stock owned.

(4) These options vested on February 2, 2008 and were assumed by Seawell Limited in the merger and replaced with an option to purchase 230,000 shares of Seawell Limited common shares at \$3.36 per share.

(5) These options vested in three equal installments beginning December 16, 2006 and were assumed by Seawell Limited in the merger and replaced with an option to purchase 95,832 shares of Seawell Limited common shares at \$9.43 per share.

(6) This option, which provided for vesting in five equal installments beginning March 3, 2011 was assumed by Seawell Limited in the merger and replaced with an option to purchase 383,334 shares of Seawell Limited common shares at \$3.28 per share.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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