

Etcheverry Carlos F
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 *
Etcheverry Carlos F

(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)

Sr. V P-Drilling & Completion

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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	02/23/2011		A		108,750	A	<u>(1)</u> 161,250
Common Stock	02/23/2011		D		<u>161,250</u> <u>(2)</u>	D	<u>(2)</u> 0

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

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(9-02)

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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 (Instr. 8)	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 or Number of Shares
Employee Stock Option (right to buy)	\$ 3.92	02/23/2011		D	71,250	(3)	04/21/2020	Common Stock	71,250

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Etcheverry Carlos F 5075 WESTHEIMER, SUITE 890 HOUSTON, TX 77056			Sr. V P-Drilling & Completion	

Signatures

/s/ Theodore F. Pound III through
POA

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, 108,750 shares of performance based restricted stock were accelerated and vested on February 23, 2011.
- (2) 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.
- (3) This option, which provided vesting in five equal installments beginning April 21, 2011, was assumed by Seawell Limited in the merger and replaced with an option to purchase 81,937 shares of Seawell Limited common shares at \$3.41 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. 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.