

Allis Chalmers Energy Inc.  
Form 8-K  
October 19, 2006

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 8-K  
CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934  
Date of Report (Date of earliest event reported): October 17, 2006  
ALLIS-CHALMERS ENERGY INC.  
(Exact name of registrant as specified in its charter)**

<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>001-02199</b> (Commission File Number)	<b>39-0126090</b> (I.R.S. Employer Identification No.)
<b>5075 Westheimer Suite 890 Houston, Texas</b> (Address of principal executive offices)		<b>77056</b> (Zip Code)

Registrant's telephone number, including area code: **(713) 369-0550**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Definitive Agreement.**

On October 17, 2006, Allis-Chalmers Production Services, Inc. ( Production Services ), a wholly-owned subsidiary of Allis-Chalmers Energy Inc. (the Company ), entered into a Stock Purchase Agreement (the Stock Purchase Agreement ) with Randolph J. Hebert. Pursuant to the Stock Purchase Agreement, Production Services purchased all of the outstanding capital stock of Petro-Rentals, Incorporated, a Louisiana corporation ( Petro-Rentals ) in consideration for (i) approximately \$29.8 million in immediately available funds and (ii) a total of 246,761 shares of the Company s common stock, par value \$0.01 per share (the Shares ). The Stock Purchase Agreement contains customary representations, warranties and indemnification provisions.

A copy of the Stock Purchase Agreement is attached hereto as Exhibit 10.1 and is incorporated by reference into this Item 1.01. The foregoing description of the Stock Purchase Agreement and the transactions contemplated thereby is qualified in its entirety by reference to the full text of the Stock Purchase Agreement.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

The information set forth above under Item 1.01 is hereby incorporated by reference into this Item 2.01.

**Item 3.02. Unregistered Sales of Equity Securities**

The information set forth above under Item 1.01 is hereby incorporated by reference into this Item 3.02. The issuance of the Shares to Mr. Hebert was exempt from the registration requirements of the Securities Act of 1933, as amended (the Securities Act ), under Section 4(2) of the Securities Act, which did not involve a public offering. The issuance did not involve any general solicitation or general advertising. Mr. Hebert, to whom these shares were issued, is an accredited investor, as defined by Rule 501 of Regulation D under the Securities Act, and he has the requisite business and financial knowledge and experience to analyze the risks associated with an investment in the Shares.

**Item 7.01. Regulation FD Disclosure.**

On October 17, 2006, the Company issued a press release announcing the acquisition of Petro-Rentals described in Item 2.01 of this Current Report on Form 8-K. A copy of such press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(a) Financial Statements of Business Acquired.

The Company intends to provide the financial statements of Petro-Rentals for the periods specified in Rule 3-05 of Regulation S-X under cover of a Form 8-K/A within the time allowed for such filing by Item 9.01(a)(4) of Form 8-K.

(b) Pro Form Financial Information.

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The Company intends to provide the pro forma financial information required by Article 11 of Regulation S-X under cover of a Form 8-K/A within the time allowed for such filing by Item 9.01(b)(2) of Form 8-K.

(d) Exhibits

Exhibit Number	Description
10.1	Stock Purchase Agreement, dated October 17, 2006, by and between Allis-Chalmers Production Services, Inc. and Randolph J. Hebert.
99.1	Press Release, dated October 17, 2006.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ALLIS-CHALMERS ENERGY INC.

Date: October 19, 2006

By: /s/ Theodore F. Pound III

Name: Theodore F. Pound III

Title: General Counsel and Secretary

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