

DIAMOND OFFSHORE DRILLING INC
 Form 4
 December 06, 2006

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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 *
 Dew Lyndol L

2. Issuer Name and Ticker or Trading Symbol
 DIAMOND OFFSHORE DRILLING INC [DO]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 15415 KATY FREEWAY, SUITE 100
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 12/06/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Senior Vice President

HOUSTON, TX 77094

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

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 or Price		
Common Stock	12/06/2006		M		313 A \$ 22.49	313	D
Common Stock	12/06/2006		S		313 D \$ 81	0	D
Common Stock	12/06/2006		M		313 A \$ 23.65	313	D
Common Stock	12/06/2006		S		313 D \$ 81	0	D
Common Stock	12/06/2006		M		313 A \$ 32.78	313	D

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Common Stock	12/06/2006	S	313	D	\$ 81	0	D
Common Stock	12/06/2006	M	313	A	\$ 39.98	313	D
Common Stock	12/06/2006	S	313	D	\$ 81	0	D

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

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(9-02)

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)	8. P... Der... Sec... (Ins...	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (right to buy)	\$ 22.49	12/06/2006		M	313	05/18/2006	05/18/2014	Common Stock	313
Stock Option (right to buy)	\$ 23.65	12/06/2006		M	313	05/18/2006	07/01/2014	Common Stock	313
Stock Option (right to buy)	\$ 32.78	12/06/2006		M	313	05/18/2006	10/01/2014	Common Stock	313
Stock Option (right to buy)	\$ 39.98	12/06/2006		M	313	05/18/2006	12/31/2014	Common Stock	313

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Dew Lyndol L 15415 KATY FREEWAY SUITE 100 HOUSTON, TX 77094			Senior Vice President	

Signatures

/s/ William C. Long Attorney-in-Fact for Lyndol L. Dew	12/06/2006
<u> </u> **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) The options vest in two equal annual installments beginning on May 18, 2007.

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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