DIAMOND OFFSHORE DRILLING INC

Form 4

August 23, 2006

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

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January 31, 2005

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if no longer subject to Section 16. Form 4 or Form 5 obligations may continue.

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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

1(b).

(Print or Type Responses)

See Instruction

1. Name and Address of Reporting Person * WILLIAMS DAVID W			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) 15415 KATY 100	(First) FREEWAY	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 08/22/2006	Director 10% Owner Officer (give title Other (specify below) Executive Vice President
HOUSTON, T	(Street)		4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person

(City)	(State)	(Zip) Tab	le I - Non-	Derivative	Secu	rities Acqui	red, Disposed of,	or Beneficiall	y Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transactio Code (Instr. 8)	Cransaction Disposed of (D) Code (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following	6. Ownership Form: Direct (D) or Indirect	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code V	Amount	(A) or (D)	Price	Reported Transaction(s) (Instr. 3 and 4)	(I) (Instr. 4)	
Common Stock	08/22/2006		M	486	A	\$ 29.33	486	D	
Common Stock	08/22/2006		S	486	D	\$ 73.9386	0	D	
Common Stock	08/22/2006		M	938	A	\$ 29.2	938	D	
Common Stock	08/22/2006		S	938	D	\$ 73.9386	0	D	
Common Stock	08/22/2006		M	938	A	\$ 19.88	938	D	

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Common Stock	08/22/2006	S	938	D	\$ 73.9386	0	D
Common Stock	08/22/2006	M	938	A	\$ 21.93	938	D
Common Stock	08/22/2006	S	938	D	\$ 73.9386	0	D
Common Stock	08/22/2006	M	937	A	\$ 45.77	937	D
Common Stock	08/22/2006	S	937	D	\$ 73.9386	0	D
Common Stock	08/22/2006	M	937	A	\$ 53.6	937	D
Common Stock	08/22/2006	S	937	D	\$ 73.9386	0	D
Common Stock	08/22/2006	M	937	A	\$ 61.9	937	D
Common Stock	08/22/2006	S	937	D	\$ 73.9386	0	D
Common Stock	08/22/2006	M	937	A	\$ 69.38	937	D
Common Stock	08/22/2006	S	937	D	\$ 73.9386	0	D
Common Stock	08/22/2006	M	937	A	\$ 19.78	937	D
Common Stock	08/22/2006	S	937	D	\$ 73.9386	0	D
Common Stock	08/22/2006	M	937	A	\$ 21.23	937	D
Common Stock	08/22/2006	S	937	D	\$ 73.9386	0	D
Common Stock	08/22/2006	M	937	A	\$ 19.08	937	D
Common Stock	08/22/2006	S	937	D	\$ 73.9386	0	D
Common Stock	08/22/2006	M	937	A	\$ 20.77	937	D
Common Stock	08/22/2006	S	937	D	\$ 73.9386	0	D

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

Persons who respond to the collection of information contained in this form are not

SEC 1474 (9-02)

required to respond unless the form displays a currently valid OMB control number.

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. Transactic Code (Instr. 8)			6. Date Exercisal 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
Stock Option (right to buy)	\$ 29.33	08/22/2006		M		486	04/15/2003(1)	04/15/2012	Common Stock	486
Stock Option (right to buy)	\$ 29.2	08/22/2006		M		938	04/15/2003(1)	07/01/2012	Common Stock	938
Stock Option (right to buy)	\$ 19.88	08/22/2006		M		938	04/15/2003(1)	10/01/2012	Common Stock	938
Stock Option (right to buy)	\$ 21.93	08/22/2006		M		938	04/15/2003(1)	12/31/2012	Common Stock	938
Stock Option (right to buy)	\$ 45.77	08/22/2006		M		937	04/19/2006(2)	04/19/2015	Common Stock	937
Stock Option (right to buy)	\$ 53.6	08/22/2006		M		937	04/19/2006(2)	07/01/2015	Common Stock	937
Stock Option (right to buy)	\$ 61.9	08/22/2006		M		937	04/19/2006(2)	10/03/2015	Common Stock	937

Stock Option (right to buy)	\$ 69.38	08/22/2006	M	937	04/19/2006(2)	12/31/2015	Common Stock	937
Stock Option (right to buy)	\$ 19.78	08/22/2006	M	937	04/22/2004(4)	04/22/2013	Common Stock	937
Stock Option (right to buy)	\$ 21.23	08/22/2006	M	937	04/22/2004(4)	07/01/2013	Common Stock	937
Stock Option (right to buy)	\$ 19.08	08/22/2006	M	937	04/22/2004(4)	10/01/2013	Common Stock	937
Stock Option (right to buy)	\$ 20.77	08/22/2006	M	937	04/22/2004(4)	12/31/2013	Common Stock	937

Reporting Owners

Reporting Owner Name / Address	Relationships
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Director 10% Owner Officer Other

WILLIAMS DAVID W 15415 KATY FREEWAY SUITE 100 HOUSTON, TX 77094

Executive Vice President

Signatures

/s/ William C. Long Attorney-in-Fact for David W.

Williams 08/23/2006

**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 vested in four equal annual installments on April 15, 2003, 2004, 2005 and 2006.
- (2) The options vested on April 19, 2006.
- (3) The options vest in three equal annual installments beginning on April 19, 2007.
- (4) The options vested in three equal annual installments on April 22, 2004, April 22, 2005 and April 22, 2006.

(5) The options vest on April 22, 2007.

Reporting Owners 4

Remarks:

Form 1 of 2 dated August 23, 2006.

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.