

DIAMOND OFFSHORE DRILLING INC  
 Form 4  
 August 23, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

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 \*  
**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) (First) (Middle)  
 15415 KATY FREEWAY, SUITE 100  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 08/22/2006

\_\_\_\_ Director  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 Executive 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 Price			
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.

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SEC 1474  
(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)	8. Amount or Number of Shares
Stock Option (right to buy)	\$ 29.33	08/22/2006		M	486	04/15/2003 <sup>(1)</sup> 04/15/2012	Common Stock	486
Stock Option (right to buy)	\$ 29.2	08/22/2006		M	938	04/15/2003 <sup>(1)</sup> 07/01/2012	Common Stock	938
Stock Option (right to buy)	\$ 19.88	08/22/2006		M	938	04/15/2003 <sup>(1)</sup> 10/01/2012	Common Stock	938
Stock Option (right to buy)	\$ 21.93	08/22/2006		M	938	04/15/2003 <sup>(1)</sup> 12/31/2012	Common Stock	938
Stock Option (right to buy)	\$ 45.77	08/22/2006		M	937	04/19/2006 <sup>(2)</sup> 04/19/2015	Common Stock	937
Stock Option (right to buy)	\$ 53.6	08/22/2006		M	937	04/19/2006 <sup>(2)</sup> 07/01/2015	Common Stock	937
Stock Option (right to buy)	\$ 61.9	08/22/2006		M	937	04/19/2006 <sup>(2)</sup> 10/03/2015	Common Stock	937



**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.

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