

DIAMOND OFFSHORE DRILLING INC
 Form 4
 September 25, 2007

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 *
 DICKERSON LAWRENCE R

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)
 09/21/2007

Director 10% Owner
 Officer (give title below) Other (specify below)
 President and C.O.O.

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 Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | Code | V | Amount or Price | | |
| Common Stock | 09/21/2007 | | M | | 1,406 | D | |
| Common Stock | 09/21/2007 | | S | | \$ 115.0003 | D | |
| Common Stock | 09/21/2007 | | M | | 1,406 | D | |
| Common Stock | 09/21/2007 | | S | | \$ 115.0003 | D | |
| Common Stock | 09/21/2007 | | M | | 2,812 | D | |

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| | | | | | | | |
|--------------|------------|---|-------|---|-------------|-------|---|
| Common Stock | 09/21/2007 | S | 2,812 | D | \$ 115.0003 | 0 | D |
| Common Stock | 09/21/2007 | M | 2,812 | A | \$ 39.98 | 2,812 | D |
| Common Stock | 09/21/2007 | S | 2,812 | D | \$ 115.0003 | 0 | D |
| Common Stock | 09/21/2007 | M | 2,812 | A | \$ 45.77 | 2,812 | D |
| Common Stock | 09/21/2007 | S | 2,812 | D | \$ 115.0003 | 0 | D |
| Common Stock | 09/21/2007 | M | 2,812 | A | \$ 53.6 | 2,812 | D |
| Common Stock | 09/21/2007 | S | 2,812 | D | \$ 115.0003 | 0 | D |
| Common Stock | 09/21/2007 | M | 2,812 | A | \$ 61.9 | 2,812 | D |
| Common Stock | 09/21/2007 | S | 2,812 | D | \$ 115.0003 | 0 | D |
| Common Stock | 09/21/2007 | M | 2,812 | A | \$ 69.38 | 2,812 | D |
| Common Stock | 09/21/2007 | S | 2,812 | D | \$ 115.0003 | 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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| | \$ 22.49 | 09/21/2007 | | M | 1,406 | 05/18/2007 ⁽¹⁾ 05/18/2014 | Title Amount or Number of Shares 1,406 |

| | | | | | | | | | |
|-----------------------------|----------|------------|---|-------|---------------------------|------------|--|--------------|-------|
| Stock Option (right to buy) | | | | | | | | Common Stock | |
| Stock Option (right to buy) | \$ 23.65 | 09/21/2007 | M | 1,406 | 05/18/2007 ⁽¹⁾ | 07/01/2014 | | Common Stock | 1,406 |
| Stock Option (right to buy) | \$ 32.78 | 09/21/2007 | M | 2,812 | 05/18/2006 ⁽³⁾ | 10/01/2014 | | Common Stock | 2,812 |
| Stock Option (right to buy) | \$ 39.98 | 09/21/2007 | M | 2,812 | 05/18/2006 ⁽³⁾ | 12/31/2014 | | Common Stock | 2,812 |
| Stock Option (right to buy) | \$ 45.77 | 09/21/2007 | M | 2,812 | 04/19/2006 ⁽⁴⁾ | 04/19/2015 | | Common Stock | 2,812 |
| Stock Option (right to buy) | \$ 53.6 | 09/21/2007 | M | 2,812 | 04/19/2006 ⁽⁴⁾ | 07/01/2015 | | Common Stock | 2,812 |
| Stock Option (right to buy) | \$ 61.9 | 09/21/2007 | M | 2,812 | 04/19/2006 ⁽⁴⁾ | 10/03/2015 | | Common Stock | 2,812 |
| Stock Option (right to buy) | \$ 69.38 | 09/21/2007 | M | 2,812 | 04/19/2006 ⁽⁴⁾ | 12/31/2015 | | Common Stock | 2,812 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| DICKERSON LAWRENCE R 15415 KATY FREEWAY SUITE 100 HOUSTON, TX 77094 | X | | President and C.O.O. | |

Signatures

/s/ William C. Long Attorney-in-fact for Lawrence R.
Dickerson

09/25/2007

__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 on May 18, 2007.
- (2) The option vest on May 18, 2008.
- (3) The options vested in two equal annual installments on May 18, 2006 and May 18, 2007.
- (4) The options vested in two equal annual installments on April 19, 2006 and April 19, 2007.
- (5) The options vest in two equal annual installments on April 19, 2008 and April 19, 2009.

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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