

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2006-01-05** | Period of Report: **2006-01-04**
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REPORTING OWNER

EADS RODNEY W

CIK: **1249079**

Type: **4** | Act: **34** | File No.: **001-13926** | Film No.: **06510848**

Mailing Address

15415 KATY FREEWAY STE
100
HOUSTON TX 77094

Business Address

2814925300

ISSUER

DIAMOND OFFSHORE DRILLING INC

CIK: **949039** | IRS No.: **760321760** | State of Incorporation: **DE** | Fiscal Year End: **1231**

SIC: **1381** Drilling oil & gas wells

Mailing Address

15415 KATY FREEWAY
HOUSTON TX 77094

Business Address

15415 KATY FREEWAY
HOUSTON TX 77094
7134925300

FORM 4

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

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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. Name and Address of Reporting Person EADS RODNEY W (Last) (First) (Middle) 15415 KATY FREEWAY, SUITE 100 (Street) HOUSTON, TX 77094 (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol DIAMOND OFFSHORE DRILLING INC [DO]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) Senior Vice President
	3. Date of Earliest Transaction (Month/Day/Year) 01/04/2006	
	4. If Amendment, Date Original Filed(Month/Day/Year)	

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 Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/04/2006		M		228	A	\$43.03	228	D	
Common Stock	01/04/2006		S		228	D	\$74.25	0	D	

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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					
Stock Option (right to buy)	\$43.03	01/04/2006		M			228	05/16/2001 (L)	05/16/2010	Common Stock	228	\$ 0	4,772	D

Explanation of Responses:

1. The options vested in four equal annual installments on May 16, 2001, 2002, 2003 and 2004.

Signatures

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

** Signature of Reporting Person

01/05/2006

Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.