

GABRIEL JOHN L
 Form 4
 December 15, 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 *
GABRIEL JOHN 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)
 12/13/2006

____ 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	(A) or (D)	Price
Common Stock	12/13/2006		M		532	A	\$ 29.33
Common Stock	12/13/2006		S		532	D	\$ 83 0
Common Stock	12/13/2006		M		532	A	\$ 29.2 532
Common Stock	12/13/2006		S		532	D	\$ 83 0
Common Stock	12/13/2006		M		532	A	\$ 19.88 532

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Common Stock	12/13/2006	S	532	D	\$ 83	0	D
Common Stock	12/13/2006	M	532	A	\$ 21.93	532	D
Common Stock	12/13/2006	S	532	D	\$ 83	0	D
Common Stock	12/13/2006	M	500	A	\$ 45.77	500	D
Common Stock	12/13/2006	S	500	D	\$ 83	0	D
Common Stock	12/13/2006	M	500	A	\$ 53.6	500	D
Common Stock	12/13/2006	S	500	D	\$ 83	0	D
Common Stock	12/13/2006	M	500	A	\$ 61.9	500	D
Common Stock	12/13/2006	S	500	D	\$ 83	0	D
Common Stock	12/13/2006	M	500	A	\$ 69.38	500	D
Common Stock	12/13/2006	S	500	D	\$ 83	0	D
Common Stock	12/13/2006	M	500	A	\$ 19.78	500	D
Common Stock	12/13/2006	S	500	D	\$ 83	0	D
Common Stock	12/13/2006	M	500	A	\$ 21.23	500	D
Common Stock	12/13/2006	S	500	D	\$ 83	0	D
Common Stock	12/13/2006	M	500	A	\$ 19.08	500	D
Common Stock	12/13/2006	S	500	D	\$ 83	0	D
Common Stock	12/13/2006	M	500	A	\$ 20.77	500	D
Common Stock	12/13/2006	S	500	D	\$ 83	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. 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	12/13/2006		M	532	04/15/2003 ⁽¹⁾ 04/15/2012	Common Stock	532
Stock Option (right to buy)	\$ 29.2	12/13/2006		M	532	04/15/2003 ⁽¹⁾ 07/01/2012	Common Stock	532
Stock Option (right to buy)	\$ 19.88	12/13/2006		M	532	04/15/2003 ⁽¹⁾ 10/01/2012	Common Stock	532
Stock Option (right to buy)	\$ 21.93	12/13/2006		M	532	04/15/2003 ⁽¹⁾ 12/31/2012	Common Stock	532
Stock Option (right to buy)	\$ 45.77	12/13/2006		M	500	04/19/2006 ⁽²⁾ 04/19/2015	Common Stock	500
Stock Option (right to buy)	\$ 53.6	12/13/2006		M	500	04/19/2006 ⁽²⁾ 07/01/2015	Common Stock	500
Stock Option (right to buy)	\$ 61.9	12/13/2006		M	500	04/19/2006 ⁽²⁾ 10/03/2015	Common Stock	500

Stock Option (right to buy)	\$ 69.38	12/13/2006	M	500	04/19/2006 ⁽²⁾	12/31/2015	Common Stock	500
Stock Option (right to buy)	\$ 19.78	12/13/2006	M	500	04/22/2004 ⁽⁴⁾	04/22/2013	Common Stock	500
Stock Option (right to buy)	\$ 21.23	12/13/2006	M	500	04/22/2004 ⁽⁴⁾	07/01/2013	Common Stock	500
Stock Option (right to buy)	\$ 19.08	12/13/2006	M	500	04/22/2004 ⁽⁴⁾	10/01/2013	Common Stock	500
Stock Option (right to buy)	\$ 20.77	12/13/2006	M	500	04/22/2004 ⁽⁴⁾	12/31/2013	Common Stock	500

Reporting Owners

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

Signatures

/s/ William C. Long Attorney-in-Fact for John L. Gabriel

12/15/2006

**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.

Remarks:

Form 1 of 2 dated December 15, 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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