

Blair Robert G
 Form 4
 December 29, 2009

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 *
 Blair Robert G

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)
 12/28/2009

____ 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 or Price | | |
| Common Stock | 12/28/2009 | | M | | 313 \$ 45.77 | D | |
| Common Stock | 12/28/2009 | | S | | 313 \$ 101.67 | D | |
| Common Stock | 12/28/2009 | | M | | 313 \$ 53.6 | D | |
| Common Stock | 12/28/2009 | | S | | 313 \$ 101.67 | D | |
| Common Stock | 12/28/2009 | | M | | 313 \$ 61.9 | D | |

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| | | | | | | | | |
|--------------|------------|---|-----|---|-----------|--------|---|-------------------------------|
| Common Stock | 12/28/2009 | S | 313 | D | \$ 101.67 | 0 | D | |
| Common Stock | 12/28/2009 | M | 313 | A | \$ 69.38 | 313 | D | |
| Common Stock | 12/28/2009 | S | 313 | D | \$ 101.67 | 0 | D | |
| Common Stock | 12/28/2009 | M | 312 | A | \$ 71.87 | 312 | D | |
| Common Stock | 12/28/2009 | F | 222 | D | \$ 100.99 | 90 | D | |
| Common Stock | 12/28/2009 | S | 90 | D | \$ 101.3 | 0 | D | |
| Common Stock | 12/28/2009 | M | 313 | A | \$ 59.19 | 313 | D | |
| Common Stock | 12/28/2009 | F | 183 | D | \$ 100.99 | 130 | D | |
| Common Stock | 12/28/2009 | S | 130 | D | \$ 101.3 | 0 | D | |
| Common Stock | | | | | | 1.8992 | I | By 401(K) Plan ⁽¹⁾ |

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

SEC 1474
(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) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Stock Option (right to buy) | \$ 45.77 | 12/28/2009 | | M | 313 | 04/19/2009 | 04/19/2015 | Common Stock | 313 |

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| | | | | | | | | |
|--------------------------------|----------|------------|---|-----|------------|------------|-----------------|-----|
| Stock Option (right to buy) | \$ 53.6 | 12/28/2009 | M | 313 | 04/19/2009 | 07/01/2015 | Common Stock | 313 |
| Stock Option (right to buy) | \$ 61.9 | 12/28/2009 | M | 313 | 04/19/2009 | 10/03/2015 | Common Stock | 313 |
| Stock Option (right to buy) | \$ 69.38 | 12/28/2009 | M | 313 | 04/19/2009 | 12/31/2015 | Common Stock | 313 |
| Stock Appreciation Right | \$ 71.87 | 12/28/2009 | M | 312 | 04/27/2009 | 10/02/2016 | Common Stock | 312 |
| Stock Appreciation Right | \$ 59.19 | 12/28/2009 | M | 313 | 04/01/2009 | 12/31/2018 | Common Stock | 313 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-----------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Blair Robert G 15415 KATY FREEWAY SUITE 100 HOUSTON, TX 77094 | | | Senior Vice President | |

Signatures

/s/ William C. Long Attorney-in-Fact for Robert G.
Blair

12/29/2009

__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) Based on a plan statement as of December 28, 2009.

(2) The stock appreciation rights vest on April 27, 2010.

(3) The stock appreciation rights vest in three annual installments beginning on April 1, 2010.

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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