

KRENEK GARY T
Form 4
September 15, 2009

FORM 4

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

OMB APPROVAL

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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 *
KRENEK GARY T

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)
09/11/2009

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Senior Vice President-CFO

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	09/11/2009		M	344	A \$ 45.77	344	D	
Common Stock	09/11/2009		S	344	D \$ 94.2985	0	D	
Common Stock	09/11/2009		M	344	A \$ 53.6	344	D	
Common Stock	09/11/2009		S	344	D \$ 94.2985	0	D	
Common Stock	09/11/2009		M	500	A \$ 59.19	500	D	

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Common Stock	09/11/2009	F	318	D	\$ 92.84	182	D	
Common Stock	09/11/2009	S	182	D	\$ 94.2985	500	D	
Common Stock						1,239.2583	I	By 401(k) Plan ⁽¹⁾

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 Security (Instr. 3 and 4)	Amount or Number of Shares
Stock Option (right to buy)	\$ 45.77	09/11/2009		M	344	04/19/2009 ⁽²⁾ 04/19/2015	Common Stock	344
Stock Option (right to buy)	\$ 53.6	09/11/2009		M	344	04/19/2009 ⁽²⁾ 07/01/2015	Common Stock	344
Stock Appreciation Right	\$ 59.19	09/11/2009		M	500	04/01/2009 ⁽³⁾ 12/31/2018	Common Stock	500

Reporting Owners

Reporting Owner Name / Address

Relationships

KRENEK GARY T
15415 KATY FREEWAY
SUITE 100
HOUSTON, TX 77094

Director 10% Owner Officer Other

Senior Vice President-CFO

Signatures

/s/ William C. Long Attorney-in-Fact for Gary T.
Krenek

09/15/2009

__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 September 14, 2009.
- (2) The options vested on April 19, 2009.
- (3) The stock appreciation right vested on April 1, 2009.
- (4) 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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