Diamond Offshore Drilling, Inc. Announces New Floater Contract

May 31, 2005

HOUSTON--(BUSINESS WIRE)--May 31, 2005--Diamond Offshore Drilling, Inc. (NYSE:DO) today announced that it has signed a term contract for one year, plus option, on the 4th generation rig Ocean America for work in the Gulf of Mexico. The contract, which is expected to provide maximum total revenue of approximately $84 million, is scheduled to commence in mid-November 2005.

Larry Dickerson, President and Chief Operating Officer, said, "The addition of this contract to the seven signed and pending contracts we announced earlier this week further augments our stream of future revenue and cash flow into 2006, while the relatively short term of the contract will afford continuing participation in future market movement."

Diamond Offshore provides contract drilling services to the energy industry around the globe and is a leader in deepwater drilling. The Company's fleet of 45 offshore drilling rigs consists of 30 semisubmersibles, 14 jack-ups and one drillship. Maximum contract revenues stated above assume 100% rig utilization. Generally, rig utilization rates approach 95-98% during contracted periods; however, utilization rates can be adversely impacted by additional downtime due to unscheduled repairs and maintenance.

Statements in this press release contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include, but are not limited to, statements concerning commitments for drilling work or contracts, future dayrates, future contract revenues, potential bonus revenues, the term and start date of future contracts, entry into definitive agreements, consummation of awarded contracts, satisfaction of conditions precedent, future growth in demand for equipment types or in any region, future cash flows, and future contracts. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those anticipated or projected, including, among others, the risk that a notification of contract award, letter of intent, or verbal contract commitment may not result in a binding contract, the risk that a binding contract could be terminated, the risk that the markets for the Company's services will not continue to improve, the risk that full rig utilization may not be achieved during a contract period, or the risk that factors outside of the Company's control may adversely impact the amount of profit realized from a contract. A discussion of additional risk factors that could impact these areas and the Company's overall business and financial performance can be found in the Company's reports and other filings with the Securities and Exchange Commission. These factors include, among others, general economic and business conditions, casualty losses, industry fleet capacity, changes in foreign and domestic oil and gas exploration and production activity, competition, changes in foreign, political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, customer preferences and various other matters, many of which are beyond the Company's control. Given these concerns, investors and analysts should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of this press release. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

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SOURCE: Diamond Offshore Drilling, Inc.