

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934 [NO FEE REQUIRED, EFFECTIVE OCTOBER 7, 1996]

For the fiscal year ended December 31, 1998
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission file number 1-13926

A. Full title of the plan and the address of the plan, if different from
that of the issuer named below:

DIAMOND OFFSHORE DEFINED CONTRIBUTION RETIREMENT PLAN

B. Name of issuer of the securities held pursuant to the plan and the
address of its principal executive office:

DIAMOND OFFSHORE DRILLING, INC.
15415 KATY FREEWAY
HOUSTON, TEXAS 77094

REQUIRED INFORMATION

Item 4.

The financial statements and schedules of the Diamond Offshore Defined Contribution Retirement Plan for the fiscal year ended December 31, 1998 (attached)

Exhibits

23.1 Consent of Deloitte & Touche LLP

AUDITED FINANCIAL STATEMENTS AND SCHEDULES

DIAMOND OFFSHORE DEFINED CONTRIBUTION RETIREMENT PLAN

Years ended December 31, 1998 and 1997 and
Supplemental Schedules for Year ended December 31, 1998
with Report of Independent Auditors

DIAMOND OFFSHORE DEFINED CONTRIBUTION RETIREMENT PLAN

Audited Financial Statements and Schedules

Years ended December 31, 1998 and 1997

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INDEPENDENT AUDITORS' REPORT

TO THE PARTICIPANTS AND ADMINISTRATIVE COMMITTEE
OF THE DIAMOND OFFSHORE DEFINED CONTRIBUTION
RETIREMENT PLAN
HOUSTON, TEXAS

We have audited the accompanying statements of net assets available for benefits of the Diamond Offshore Defined Contribution Retirement Plan (the "Plan") as of December 31, 1998 and 1997, and the related statements of changes in net assets available for benefits for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 1998 and 1997, and the changes in net assets available for benefits for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of (1) assets held for investment purposes as of December 31, 1998, and (2) reportable transactions for the year ended December 31, 1998 are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employment Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 1998 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

DELOITTE & TOUCHE LLP
June 16, 1999

DIAMOND OFFSHORE DEFINED CONTRIBUTION
RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	DECEMBER 31,	
	1998	1997
INVESTMENTS AT FAIR VALUE:		
Mutual funds	\$ 62,859,786	\$ 47,380,647
Company stock	1,419,733	1,713,155
Total investments	64,279,519	49,093,802
CONTRIBUTIONS RECEIVABLE:		
Employee	768,666	589,847
Employer	1,640,115	1,267,153
Total contributions receivable ...	2,408,781	1,857,000
LOANS TO PARTICIPANTS	2,882,871	2,022,640
OTHER ASSETS	2,942	6,302
NET ASSETS AVAILABLE FOR BENEFITS	\$ 69,574,113	\$ 52,979,744
	=====	=====

SEE NOTES TO FINANCIAL STATEMENTS.

DIAMOND OFFSHORE DEFINED CONTRIBUTION
RETIREMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
INVESTMENT INCOME:			
Dividends and interest	\$ 3,740,948	\$ 2,938,430	\$ 1,944,678
Net appreciation in fair value of investments	2,124,346	3,659,059	736,638
Total investment income	5,865,294	6,597,489	2,681,316
CONTRIBUTIONS:			
Employee	8,389,378	4,680,340	3,733,432
Employer	5,786,246	6,477,438	2,524,009
Rollover	334,664	11,231,765	--
Total contributions	14,510,288	22,389,543	6,257,441
Total additions	20,375,582	28,987,032	8,938,757
DEDUCTIONS:			
Benefit payments	(3,631,644)	(4,362,444)	(2,018,926)
Miscellaneous expenditures	(149,569)	(16,541)	--
Total deductions	(3,781,213)	(4,378,985)	(2,018,926)
NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	16,594,369	24,608,047	6,919,831
NET ASSETS AVAILABLE FOR BENEFITS:			
Beginning of period	52,979,744	28,371,697	21,451,866
End of period	\$ 69,574,113	\$ 52,979,744	\$ 28,371,697

SEE NOTES TO FINANCIAL STATEMENTS.

DIAMOND OFFSHORE CONTRIBUTION RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 AND 1997

1. ORGANIZATION

The Diamond Offshore Defined Contribution Retirement Plan (the "Plan") was established effective July 1, 1989. Effective January 1, 1997, Diamond Offshore Drilling, Inc. (the "Company") merged the Arethusa Off-Shore Company Profit Sharing Plan (the "Arethusa Plan") with and into the Plan. Net assets available for benefits for the Arethusa Plan were \$10,731,913 as of December 31, 1996. In connection with this merger, the Plan changed trustees from The Dreyfus Trust Company ("Dreyfus") to The Scudder Trust Company ("Scudder") effective January 1, 1997. The adoption of the Plan in its entirety is intended to comply with the provisions of Sections 401(a), 401(k) and 401(m) of the Internal Revenue Code (the "IRC") and applicable regulations thereunder. The Plan is intended to qualify as a profit-sharing plan in accordance with the requirement of Section 401(a)(27) of the IRC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING BASIS - The financial statements of the Plan are prepared using the accrual basis of accounting.

INVESTMENTS - Investments are reported in the financial statements at fair value.

TRUSTEE FEES - Normal recurring trustee fees are paid by the Company, the Plan's sponsor. Fees paid by the Company were \$49,314 and \$10,112 for the years ended December 31, 1998 and 1997, respectively.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the Plan income and expenses during the reporting period. Actual results could differ from these estimates.

3. DESCRIPTION OF PLAN

The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

GENERAL - The Plan is a defined contribution retirement plan for U.S.-paid employees of the Company and its subsidiaries. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and the IRC.

ADMINISTRATION - The Plan is administered by an administrative committee appointed by the President of the Company.

PARTICIPANTS - Prior to July 1, 1997, any employee of the Company became a participant of the Plan on the first quarterly entry date (January 1, April 1, July 1, or October 1) following the completion of one year of service. Effective July 1, 1997 an employee of the company will become a participant of the Plan beginning in the month following the completion of a 90-day service period.

CONTRIBUTIONS - The Company makes a profit sharing contribution equal to 3.75% of the employee's qualified yearly earnings and a matching contribution equal to 25% for every percent the employee contributes up to a maximum of 6%. In 1998 and 1997, Company contributions were made quarterly. In addition, each participant may make voluntary contributions of up to 15% of his or her annual compensation, as defined by the Plan. Employee contributions are made through payroll deductions.

INVESTMENT FUNDS - Effective January 1, 1997, the following investment options are available to plan participants:

Scudder Stable Value Funds: This collective investment trust invests in high-quality instruments, including guaranteed investment contracts, bank investment contracts, money market instruments and synthetic contracts.

Scudder Income Fund: This fund invests primarily in high-grade corporate bonds, convertible bonds and government securities.

Scudder Balanced Fund: This fund invests in common stocks of companies that the fund's advisor believes offer the potential for above-average growth of earnings, cash flow or assets relative to the overall market.

Scudder Growth & Income Fund: This fund's primary investments are income-producing common and preferred stocks of established companies.

Scudder Stock Index Fund: This collective investment trust invests in common stocks of companies listed in the Standard & Poor's 500-stock index (the "S&P 500"). The trust may invest in all 500 stocks or in other mutual funds that approximately mirror the S&P 500 in their weightings.

MFS Research Fund A: This fund invests in common stocks or securities convertible into common stocks of companies believed to possess better-than-average prospects for long-term growth.

Templeton Foreign Fund I: This fund generally invests in common stock, although it may also invest in preferred stocks and certain debt securities, rated or unrated.

Putnam New Opportunities Fund A: This fund invests primarily in common stocks in the following sectors: personal communications, environmental services, media/entertainment, medical technology/medical cost containment, applied advanced technology, value-oriented consuming and personal finance.

Diamond Offshore Drilling, Inc. Common Stock: This fund invests in the common stock of the Company and reinvests dividends of the Company's stock, if any, into additional shares of the Company.

PARTICIPANT ACCOUNTS - Each participant's account is credited with the Company's and the participant's contributions and an allocation of the Plan's earnings. Allocations are based primarily on account balances at specified dates as provided under the terms of the Plan.

VESTING - Each participant has at all times a fully vested and nonforfeitable interest in their contributions and earnings thereon. Matching contributions made by the Company to participant accounts vest 100% after five years of service.

FORFEITURES - Forfeitures are applied to reduce the Company contributions to the Plan.

LOANS - Participants may borrow from his or her account up to the lesser of (i) one-half of the vested value of their accounts or (ii) \$50,000.

PAYMENT OF BENEFITS - Upon separation of service, each participant may elect to receive the entire account balance in a lump sum payment. As of December 31, 1998 and 1997, amounts payable to participants who had terminated or withdrawn from the Plan were \$86,255 and \$624,336, respectively.

4. PLAN TERMINATION

Although the Company has not expressed any intent to do so, it has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. Upon termination of the Plan by the Company, the trustee will distribute to each participant the amounts credited to his or her account. No amount will revert to the Company in the event of the Plan's termination.

5. FEDERAL INCOME TAXES

The Plan has obtained a favorable tax determination letter from the Internal Revenue Service ("IRS") dated February 25, 1997. It is the opinion of the Plan administrative committee that the Plan has met, and continues to meet, all necessary IRS requirements exempting it from federal income taxes; therefore, no provision for income taxes has been made.

6. STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS - BY FUND

DECEMBER 31, 1998	SCUDDER STABLE VALUE FUND	SCUDDER INCOME FUND	SCUDDER BALANCED FUND	SCUDDER GROWTH & INCOME FUND	SCUDDER STOCK INDEX FUND	MFS RESEARCH FUND A	TEMPLETON FOREIGN FUND I
Investments:							
Mutual funds.....	\$19,449,996	\$ 1,352,373	\$ 526,586	\$13,087,689	\$ 1,470,570	\$10,911,667	\$ 2,668,727
Company stock	--	--	--	--	--	--	--
Total investments.....	19,449,996	1,352,373	526,586	13,087,689	1,470,570	10,911,667	2,668,727
Contributions receivable:							
Employee	191,667	15,257	16,200	164,264	33,375	114,356	36,168
Employer	630,845	28,527	26,505	296,083	52,246	198,378	67,208
Total contributions receivable	822,512	43,784	42,705	460,347	85,621	312,734	103,376
Other assets	--	--	--	--	--	--	--
Loans to participants	--	--	--	--	--	--	--
Net assets available for benefits	\$20,272,508	\$ 1,396,157	\$ 569,291	\$13,548,036	\$ 1,556,191	\$11,224,401	\$ 2,772,103

DECEMBER 31, 1998	PUTNAM NEW OPPORTUNITIES FUND A	DIAMOND OFFSHORE DRILLING, INC. COMMON STOCK	CASH FUND	LOAN FUND	TRANSACTIONS PENDING	TOTAL
Investments:						
Mutual funds	\$13,392,178	--	--	--	--	\$62,859,786
Company stock	--	\$ 1,419,733	--	--	--	1,419,733
Total investments	13,392,178	1,419,733	--	--	--	64,279,519
Contributions receivable:						
Employee	163,429	33,950	--	--	--	768,666
Employer	283,298	57,025	--	--	--	1,640,115
Total contributions receivable	446,727	90,975	--	--	--	2,408,781
Other assets	--	--	--	--	\$ 2,942	2,942
Loans to participants	--	--	--	\$ 2,882,871	--	2,882,871
Net assets available for benefits	\$13,838,905	\$ 1,510,708	\$ --	\$ 2,882,871	\$ 2,942	\$69,574,113

DECEMBER 31, 1997	SCUDDER STABLE VALUE FUND	SCUDDER INCOME FUND	SCUDDER BALANCED FUND	SCUDDER GROWTH & INCOME FUND	SCUDDER STOCK INDEX FUND	MFS RESEARCH FUND A	TEMPLETON FOREIGN FUND I
	-----	-----	-----	-----	-----	-----	-----
Investments:							
Mutual funds	\$15,152,285	\$ 1,089,500	\$ 161,987	\$10,859,687	\$ 412,600	\$ 8,072,838	\$ 2,560,440
Company stock	--	--	--	--	--	--	--
	-----	-----	-----	-----	-----	-----	-----
Total investments	15,152,285	1,089,500	161,987	10,859,687	412,600	8,072,838	2,560,440
	-----	-----	-----	-----	-----	-----	-----
Contributions receivable:							
Employee	146,690	11,204	6,435	131,304	15,397	95,662	34,487
Employer	498,888	20,563	10,312	225,929	23,820	167,618	59,752
	-----	-----	-----	-----	-----	-----	-----
Total contributions receivable	645,578	31,767	16,747	357,233	39,217	263,280	94,239
	-----	-----	-----	-----	-----	-----	-----
Other assets	--	--	--	--	--	--	--
Loans to participants	--	--	--	--	--	--	--
	-----	-----	-----	-----	-----	-----	-----
Net assets available for benefits	\$15,797,863	\$ 1,121,267	\$ 178,734	\$11,216,920	\$ 451,817	\$ 8,336,118	\$ 2,654,679
	=====	=====	=====	=====	=====	=====	=====

DECEMBER 31, 1997	PUTNAM NEW OPPORTUNITIES FUND A	DIAMOND OFFSHORE DRILLING, INC. COMMON STOCK	CASH FUND	LOAN FUND	TRANSACTIONS PENDING	TOTAL
	-----	-----	-----	-----	-----	-----
Investments:						
Mutual funds	\$ 9,071,310	--	--	--	--	\$47,380,647
Company stock	--	\$ 1,713,155	--	--	--	1,713,155
	-----	-----	-----	-----	-----	-----
Total investments	9,071,310	1,713,155	--	--	--	49,093,802
	-----	-----	-----	-----	-----	-----
Contributions receivable:						
Employee	124,243	--	--	--	\$ 24,425	589,847
Employer	224,480	--	--	--	35,791	1,267,153
	-----	-----	-----	-----	-----	-----
Total contributions receivable	348,723	--	--	--	60,216	1,857,000
	-----	-----	-----	-----	-----	-----
Other assets	--	--	\$ 1,981	--	4,321	6,302
Loans to participants	--	--	--	\$ 2,022,640	--	2,022,640
	-----	-----	-----	-----	-----	-----
Net assets available for benefits	\$ 9,420,033	\$ 1,713,155	\$ 1,981	\$ 2,022,640	\$ 64,537	\$52,979,744
	=====	=====	=====	=====	=====	=====

7. STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - BY FUND

FOR THE YEAR ENDED DECEMBER 31, 1998	SCUDDER STABLE VALUE FUND	SCUDDER INCOME FUND	SCUDDER BALANCED FUND	SCUDDER GROWTH & INCOME FUND	SCUDDER STOCK INDEX FUND	MFS RESEARCH FUND A	TEMPLETON FOREIGN FUND I
Investment income:							
Dividends and interest	\$ 1,128,150	\$ 100,513	\$ 31,404	\$ 1,261,612	\$ 4,093	\$ 428,477	\$ 296,420
Net appreciation (depreciation) in fair value of investments	--	(25,653)	37,100	(513,614)	233,010	1,604,618	(398,496)
Total investment income	1,128,150	74,860	68,504	747,998	237,103	2,033,095	(102,076)
Contributions:							
Employee	2,019,063	152,441	131,161	1,829,498	322,562	1,300,959	446,513
Employer	2,190,942	96,776	71,912	1,050,923	168,469	731,704	255,288
Rollover	1,025,346	118,007	139,790	(483,906)	388,984	(452,154)	(298,164)
Total contributions	5,235,351	367,224	342,863	2,396,515	880,015	1,580,509	403,637
Total additions	6,363,501	442,084	411,367	3,144,513	1,117,118	3,613,604	301,561
Deductions:							
Benefit payments	(1,632,932)	(133,312)	(8,287)	(568,713)	(14,033)	(557,423)	(165,510)
Miscellaneous expenditures .	(255,924)	(33,882)	(12,523)	(244,684)	1,289	(167,898)	(18,627)
Total deductions	(1,888,856)	(167,194)	(20,810)	(813,397)	(12,744)	(725,321)	(184,137)
Net increase (decrease) in net assets available for benefits	4,474,645	274,890	390,557	2,331,116	1,104,374	2,888,283	117,424
Net assets available for benefits:							
Beginning of period	15,797,863	1,121,267	178,734	11,216,920	451,817	8,336,118	2,654,679
End of period	\$ 20,272,508	\$ 1,396,157	\$ 569,291	\$ 13,548,036	\$ 1,556,191	\$ 11,224,401	\$ 2,772,103

FOR THE YEAR ENDED DECEMBER 31, 1998	PUTNAM NEW OPPORTUNITIES FUND A	DIAMOND OFFSHORE DRILLING, INC. COMMON STOCK	CASH FUND	LOAN FUND	TRANSACTION PENDING	TOTAL
Investment income:						
Dividends and interest	\$ 462,637	\$ 27,043	\$ 216	--	\$ 383	\$ 3,740,948
Net appreciation (depreciation) in fair value of investments	2,167,821	(980,440)	--	--	--	2,124,346
Total investment income ..	2,630,458	(953,397)	216	--	383	5,865,294
Contributions:						
Employee	1,820,008	367,171	--	--	2	8,389,378
Employer	1,026,857	193,373	--	--	2	5,786,246
Rollover	(353,101)	194,353	5,546	--	49,963	334,664
Total contributions	2,493,764	754,897	5,546	--	49,967	14,510,288
Total additions	5,124,222	(198,500)	5,762	--	50,350	20,375,582
Deductions:						
Benefit payments	(472,899)	(21,126)	--	\$ (4,000)	(53,409)	(3,631,644)
Miscellaneous expenditures ...	(232,451)	17,179	(7,743)	864,231	(58,536)	(149,569)
Total deductions	(705,350)	(3,947)	(7,743)	860,231	(111,945)	(3,781,213)
Net increase (decrease) in net assets available for benefits	4,418,872	(202,447)	(1,981)	860,231	(61,595)	16,594,369
Net assets available for benefits:						
Beginning of period	9,420,033	1,713,155	1,981	2,022,640	64,537	52,979,744
End of period	\$ 13,838,905	\$ 1,510,708	\$ --	\$ 2,882,871	\$ 2,942	\$ 69,574,113

FOR THE YEAR ENDED DECEMBER 31, 1997	DREYFUS GENERAL MONEY MARKET	DREYFUS GROWTH AND INCOME FUND	DREYFUS NEW LEADERS	DREYFUS APPRECIATION FUNDS	PREMIER GLOBAL INVESTING FUND	TOTAL
	-----	-----	-----	-----	-----	-----
Investment income:						
Dividends and interest	--	--	--	--	--	\$ 2,938,430
Net appreciation (depreciation) in fair value of investments	--	--	--	--	--	3,659,059
	-----	-----	-----	-----	-----	-----
Total investment income	--	--	--	--	--	6,597,489
	-----	-----	-----	-----	-----	-----
Contributions:						
Employee	--	--	--	--	--	4,680,340
Employer	--	--	--	--	--	6,477,438
Rollover	--	--	--	--	--	11,231,765
	-----	-----	-----	-----	-----	-----
Total contributions	--	--	--	--	--	22,389,543
	-----	-----	-----	-----	-----	-----
Total additions	--	--	--	--	--	28,987,032
	-----	-----	-----	-----	-----	-----
Deductions:						
Benefit payments	--	--	--	--	--	(4,362,444)
Miscellaneous expenditures	--	--	--	--	--	(16,541)
	-----	-----	-----	-----	-----	-----
Total deductions	--	--	--	--	--	(4,378,985)
	-----	-----	-----	-----	-----	-----
Interfund transfers	\$ (2,575,206)	\$ (5,018,569)	\$ (4,220,923)	\$ (4,049,081)	\$ (2,300,656)	--
	-----	-----	-----	-----	-----	-----
Net increase (decrease) in net assets available for benefits	(2,575,206)	(5,018,569)	(4,220,923)	(4,049,081)	(2,300,656)	24,608,047
Net assets available for benefits:						
Beginning of period	2,575,206	5,018,569	4,220,923	4,049,081	2,300,656	28,371,697
	-----	-----	-----	-----	-----	-----
End of period	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 52,979,744
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FOR THE YEAR ENDED DECEMBER 31, 1996	CAPITAL PRESERVATION FUND	DREYFUS GENERAL MONEY MARKET	DREYFUS GROWTH AND INCOME FUND	DREYFUS NEW LEADERS	DREYFUS APPRECIATION FUND	PREMIER GLOBAL INVESTING FUND	TOTAL
	-----	-----	-----	-----	-----	-----	-----
Investment income:							
Dividends and interest	\$ 531,875	\$ 98,530	\$ 689,207	\$ 281,723	\$ 37,717	\$ 305,626	\$ 1,944,678
Net appreciation (depreciation) in fair value of investments	--	--	(77,148)	215,237	663,996	(65,447)	736,638
	-----	-----	-----	-----	-----	-----	-----
Total investment income	531,875	98,530	612,059	496,960	701,713	240,179	2,681,316
	-----	-----	-----	-----	-----	-----	-----
Contributions:							
Employee	1,160,241	387,889	741,433	629,436	495,960	318,473	3,733,432
Employer	1,074,004	233,253	408,395	343,692	286,054	178,611	2,524,009
	-----	-----	-----	-----	-----	-----	-----
Total contributions	2,234,245	621,142	1,149,828	973,128	782,014	497,084	6,257,441
	-----	-----	-----	-----	-----	-----	-----
Total additions	2,766,120	719,672	1,761,887	1,470,088	1,483,727	737,263	8,938,757
	-----	-----	-----	-----	-----	-----	-----
Benefit payments	(936,234)	(176,449)	(314,812)	(165,752)	(275,742)	(149,937)	(2,018,926)
	-----	-----	-----	-----	-----	-----	-----
Interfund transfers	(555,151)	201,765	(408,983)	571,025	454,913	(263,569)	--
	-----	-----	-----	-----	-----	-----	-----
Net increase (decrease) in net assets available for benefits	1,274,735	744,988	1,038,092	1,875,361	1,662,898	323,757	6,919,831
Net assets available for benefits:							
Beginning of period	8,932,527	1,830,218	3,980,477	2,345,562	2,386,183	1,976,899	21,451,866
	-----	-----	-----	-----	-----	-----	-----
End of period	\$ 10,207,262	\$ 2,575,206	\$ 5,018,569	\$ 4,220,923	\$ 4,049,081	\$ 2,300,656	\$ 28,371,697
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DIAMOND OFFSHORE CONTRIBUTION RETIREMENT PLAN

ITEM 27a - SCHEDULE OF ASSETS HELD FOR
INVESTMENT PURPOSES
December 31, 1998

IDENTITY OF ISSUE	DESCRIPTION	PRINCIPAL AMOUNT OR NUMBER OF UNITS OR SHARES	COST	CURRENT VALUE
Scudder Stable Value Fund	Mutual Fund	19,449,995.560	\$ 19,449,996	\$ 19,449,996
Scudder Income Fund	Mutual Fund	102,143.005	1,365,719	1,352,373
Scudder Balanced Fund	Mutual Fund	27,773.509	491,378	526,586
Scudder Growth and Income Fund	Mutual Fund	497,441.624	12,725,892	13,087,689
Scudder Stock Index Fund	Mutual Fund	43,341.275	1,236,941	1,470,570
MFS Research Fund A	Mutual Fund	433,863.481	8,835,278	10,911,667
Templeton Foreign Fund I	Mutual Fund	318,084.300	3,190,499	2,668,727
Putnam New Opportunities Fund A	Mutual Fund	229,200.379	10,401,984	13,392,178
Diamond Offshore Drilling, Inc.	Common Stock	59,935.970	2,160,273	1,419,733
Participant Loans	Loans to participants with varying terms		2,882,871	2,882,871
			-----	-----
TOTAL			\$ 62,740,831 =====	\$ 67,162,390 =====

DIAMOND OFFSHORE CONTRIBUTION RETIREMENT PLAN

ITEM 27d - SCHEDULE OF REPORTABLE TRANSACTIONS
Year Ended December 31, 1998

Identity of Party Involved	Description of Investment	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain (Loss)
TRANSACTIONS IN EXCESS OF 5% OF PLAN ASSETS AS OF DECEMBER 31, 1997						
SINGLE TRANSACTIONS:						
None						
SERIES TRANSACTIONS:						
Scudder Trust Company	Scudder Stable Value Fund					
	Purchases	\$ 9,043,982		\$ 9,043,982	\$ 9,043,982	
	Sales		\$ 4,752,479	4,752,479	4,752,479	
Scudder Trust Company	Scudder Growth & Income Fund					
	Purchases	5,281,717		5,281,717	5,281,717	
	Sales		2,540,085	2,298,030	2,540,085	\$ 242,055
Scudder Trust Company	MFS Research Fund A					
	Purchases	3,146,292		3,146,292	3,146,292	
	Sales		1,912,081	1,628,441	1,912,081	283,640
Scudder Trust Company	Putnam New Opportunities Fund A					
	Purchases	4,826,170		4,826,170	4,826,170	
	Sales		2,673,102	2,298,179	2,673,102	374,923

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Plan administrative committee of the Diamond Offshore Defined Contribution Plan (the "Plan"), which administers the Plan, has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 28th day of June, 1999.

By: /s/ Robert L. Charles
Name: Robert L. Charles
Title: Administrative Committee Member

EXHIBIT INDEX

Exhibit No - - - - -	Description - - - - -
23.1	Consent of Independent Auditors

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333--22745 of Diamond Offshore Drilling, Inc. on Form S--8 of our report dated June 16, 1999, appearing in this Annual Report on Form 11--K of Diamond Offshore Defined Contribution Retirement Plan for the year ended December 31, 1998.

DELOITTE & TOUCHE LLP

Houston, Texas
June 28, 1999