

NABORS INDUSTRIES INC

Form 424B3

January 20, 2011

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Registration No. 333-171142  
333-171142-01

**PROSPECTUS**

**Nabors Industries, Inc.  
Nabors Industries Ltd.**

**Exchange Offer for  
5.0% Senior Notes due 2020  
Guaranteed by Nabors Industries Ltd.**

This is an offer to exchange any 5.0% Senior Notes due 2020 that you now hold for newly issued 5.0% Senior Notes due 2020. This offer will expire at 5:00 p.m. New York City time on February 18, 2011, unless we extend the offer. You must tender your old notes by this deadline in order to receive the new notes. We do not currently intend to extend the expiration date.

The exchange of outstanding old notes for new notes in the exchange offer will not constitute a taxable event for United States federal income tax purposes. The terms of the new notes to be issued in the exchange offer are substantially identical to the old notes, except that the new notes will be freely tradable and will not benefit from the registration and related rights pursuant to which we are conducting this exchange offer including an increase in the interest rate related to defaults in our agreement to carry out this exchange offer. All untendered old notes will continue to be subject to the restrictions on transfer set forth in the old notes and in the applicable indenture.

There is no existing public market for your old notes, and there is currently no public market for the new notes to be issued to you in the exchange offer.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed to make this prospectus available for a period of 180 days from the effective date of the registration statement for the exchange offer to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

**See Risk Factors beginning on page 11 for a description of the business and financial risks associated with the new notes.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is January 20, 2011.

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**You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to exchange the notes only in jurisdictions where these offers and exchanges are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus.**

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In this prospectus, unless otherwise indicated or the context otherwise requires, references to (1) Nabors mean Nabors Industries Ltd., a Bermuda exempt company; (2) we, our, and us generally mean Nabors, together with its consolidated subsidiaries, and (3) Nabors Delaware mean Nabors Industries, Inc., a Delaware corporation and wholly owned indirect subsidiary of Nabors.

The old notes consisting of the 5.0% Senior Notes due 2020 which were issued September 14, 2010 and the new notes consisting of the 5.0% Senior Notes due 2020 offered pursuant to this prospectus are sometimes collectively referred to in this prospectus as the notes.

Rather than repeat certain information in this prospectus that we have already included in reports filed with the Securities and Exchange Commission, we are incorporating this information by reference, which means that we can disclose important business, financial and other information to you by referring to those publicly filed documents that contain the information. The information incorporated by reference is not included in or delivered with this prospectus.

We will provide without charge to each person to whom this prospectus is delivered, including each beneficial owner of old notes, upon request of such person, a copy of any or all documents that are incorporated into this prospectus by reference, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into the documents that this prospectus incorporates. You should direct such requests to: Nabors Corporate Services, Inc., 515 West Greens Road, Suite 1200, Houston, Texas 77067, Attention: Investor Relations, phone number (281) 874-0035.

IN ORDER TO OBTAIN TIMELY DELIVERY, YOU MUST REQUEST THIS INFORMATION NO LATER THAN FIVE BUSINESS DAYS BEFORE YOU MUST MAKE YOUR INVESTMENT DECISION. ACCORDINGLY, YOU MUST REQUEST THIS INFORMATION NO LATER THAN 5:00 P.M. NEW YORK CITY TIME ON FEBRUARY 10, 2011.

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**PROSPECTUS SUMMARY**

*This summary highlights the information contained elsewhere in or incorporated by reference into this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. You should read the following summary together with the more detailed information and consolidated financial statements and the notes to those statements included elsewhere in or incorporated by reference in this prospectus.*

**Nabors Industries, Inc.**

Nabors Delaware is a Delaware holding company and an indirect, wholly owned subsidiary of Nabors. Prior to the corporate reorganization that was completed on June 24, 2002, Nabors Delaware was a publicly traded corporation. Nabors Delaware was incorporated in Delaware on May 3, 1978. Nabors Delaware's principal executive offices are located at 515 West Greens Road, Suite 1200, Houston, Texas, 77067, and its telephone number at that address is (281) 874-0035.

**Nabors Industries Ltd.**

Nabors became the publicly traded parent company of the Nabors group of companies, effective June 24, 2002, pursuant to a corporate reorganization. Nabors' common shares are traded on the New York Stock Exchange under the symbol NBR.

We are the largest land drilling contractor in the world and one of the largest land well-servicing and workover contractors in the United States and Canada:

We actively market approximately 554 land drilling rigs for oil and gas land drilling operations in the U.S. Lower 48 states, Alaska, Canada, South America, Mexico, the Caribbean, the Middle East, the Far East, Russia and Africa.

We actively market approximately 556 rigs for land well-servicing and workover work in the United States and approximately 172 rigs for land well-servicing and workover work in Canada.

We are also a leading provider of offshore platform workover and drilling rigs, and actively market 38 platform, 13 jack-up and three barge rigs in the United States, including the Gulf of Mexico, and multiple international markets.

In addition to the foregoing services:

We offer a wide range of ancillary well-site services, including hydraulic fracturing, engineering, transportation and disposal, construction, maintenance, well logging, directional drilling, rig instrumentation, data collection and other support services in select United States and international markets.

We manufacture and lease or sell top drives for a broad range of drilling applications, directional drilling systems, rig instrumentation and data collection equipment, pipeline handling equipment and rig reporting software.

We invest in oil and gas exploration, development and production activities in the United States, Canada and International areas through both our wholly owned subsidiaries and our oil and gas joint ventures in which we hold 49-50% ownership interests.

We have a 51% ownership interest in a joint venture in Saudi Arabia, which owns and actively markets nine rigs in addition to the rigs we lease to the joint venture.

We also provide logistics services for onshore drilling in Canada using helicopters and fixed-wing aircraft.

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The majority of our business is conducted through our various Contract Drilling operating segments, which include our drilling, well-servicing, fluid logistics and workover operations, on land and offshore. Our oil and gas exploration, development and production operations are included in our Oil and Gas operating segment. Our operating segments engaged in drilling technology and top drive manufacturing, directional drilling, rig instrumentation and software and construction and logistics operations are aggregated in our Other Operating Segments.

Nabors was formed as a Bermuda exempt company on December 11, 2001. Through predecessors and acquired entities, Nabors has been continuously operating in the drilling sector since the early 1900s. Nabors' principal executive offices are located at Mintflower Place, 8 Par-La-Ville Road, Hamilton, HM08, Bermuda, and its telephone number at that address is (441) 292-1510.



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**The Exchange Offer**

Notes Offered for Exchange

Nabors Delaware is offering up to \$700,000,000 in aggregate principal amount of its new 5.0% Senior Notes due 2020 in exchange for an equal aggregate principal amount of our old 5.0% Senior Notes due 2020 on a one-for-one basis and in satisfaction of Nabors Delaware's obligations under the registration rights agreement.

The new notes have substantially the same terms as the old notes you hold, except that the new notes have been registered under the Securities Act of 1933, as amended, referred to as the Securities Act, and therefore will be freely tradable and will not benefit from the registration and related rights pursuant to which Nabors Delaware is conducting this exchange offer, including an increase in the interest rate related to defaults in our agreement to carry out this exchange offer.

The Exchange Offer

Nabors Delaware is offering to exchange \$1,000 principal amount at maturity of new notes for each \$1,000 principal amount at maturity of your old notes. In order to be exchanged, your old notes must be properly tendered and accepted. All old notes that are validly tendered and not withdrawn will be exchanged.

Required Representations

By tendering your old notes to Nabors Delaware, you represent that:

- (i) any new notes received by you will be acquired in the ordinary course of your business;
- (ii) you have no arrangement or understanding with anyone to participate in the distribution of the old notes or the new notes within the meaning of the Securities Act;
- (iii) you are not an affiliate, within the meaning of Rule 501(b) of Regulation D of the Securities Act, of Nabors Delaware or Nabors;
- (iv) you are not engaged in, and do not intend to engage in, the distribution of the new notes; and
- (v) if you are a broker-dealer, you will receive new notes for your own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities and that you will deliver a prospectus in connection with any resale of such new notes.

See [The Exchange Offer Representations Nabors Delaware Needs From You Before You May Participate in the Exchange Offer](#) and [Plan of Distribution](#).

Those Excluded from the Exchange Offer You may not participate in the exchange offer if you are:

a holder of old notes in any jurisdiction in which the exchange offer is not, or your acceptance will not be, legal under the applicable securities or blue sky laws of that jurisdiction; or

a holder of old notes who is an affiliate, within the meaning of Rule 501(b) of Regulation D of the Securities Act, of Nabors Delaware or Nabors.

Consequences of Failure to Exchange  
Your Old Notes

After the exchange offer is complete, you will no longer be entitled to exchange your old notes for registered notes. If you do not exchange

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your old notes for new notes in the exchange offer, your old notes will continue to have the restrictions on transfer contained in the old notes and in the Indenture dated as of September 14, 2010 among Nabors Delaware, Nabors, Wilmington Trust Company, as trustee and Citibank, N.A. as securities administrator, referred to as the Indenture. In general, your old notes may not be offered or sold unless registered under the Securities Act, unless there is an exemption from, or unless the transaction is not governed by, the Securities Act and applicable state securities laws. Nabors Delaware has no current plans to register your old notes under the Securities Act. Under some circumstances, however, holders of the old notes, including holders who are not permitted to participate in the exchange offer or who may not freely sell new notes received in the exchange offer, may require Nabors Delaware to file, and to cause to become effective, a shelf registration statement covering resales of the old notes by these holders.

**Expiration Date**

The exchange offer expires at 5:00 p.m., New York City time, on February 18, 2011, the expiration date, unless Nabors Delaware extends the offer (the Expiration Date ). Nabors Delaware does not currently intend to extend the expiration date.

**Conditions to the Exchange Offer**

The exchange offer has customary conditions that may be waived by Nabors Delaware. There is no minimum amount of old notes that must be tendered to complete the exchange offer.

**Procedures for Tendering Your Old Notes**

If you wish to tender your old notes for exchange in the exchange offer, you or the custodial entity through which you hold your notes must send to Citibank, N.A., referred to as Citibank, the exchange agent, on or before the Expiration Date of the exchange offer:

a properly completed and executed letter of transmittal, which has been provided to you with this prospectus, together with your old notes and any other documentation requested by the letter of transmittal; and

for holders who hold their positions through The Depository Trust Company, referred to as DTC;

an Agent's Message (as defined in this prospectus) from DTC stating that the tendering participant agrees to be bound by the letter of transmittal and the terms of the exchange offer;

your old notes by timely confirmation of book-entry transfer through DTC; and

all other documents required by the letter of transmittal.

Holders who hold their positions through Euroclear or Clearstream, Luxembourg must adhere to the procedures described in The Exchange Offer Procedures for Tendering Your Old Notes.

Special Procedures for Beneficial Owners If you beneficially own old notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your old notes in the exchange offer, you should contact the registered holder promptly and instruct it to tender on your behalf.

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Guaranteed Delivery Procedures for Tendering Old Notes	If you wish to tender your old notes and the old notes are not immediately available, or time will not permit your old notes or other required documents to reach Citibank before the Expiration Date, or the procedure for book-entry transfer cannot be completed on a timely basis, you may tender your old notes according to the guaranteed delivery procedures set forth under The Exchange Offer Guaranteed Delivery Procedures.
Withdrawal Rights	You may withdraw the tender of your old notes at any time prior to 5:00 p.m., New York City time, on the Expiration Date.
U.S. Tax Considerations	The exchange of old notes for new notes will not constitute a taxable event for U.S. federal income tax purposes. Rather, the new notes you receive in the exchange offer will be treated as a continuation of your investment in the old notes. For additional information regarding U.S. federal income tax considerations, you should read the discussion under Taxation.
Use of Proceeds	Nabors Delaware will not receive any proceeds from the issuance of the new notes in the exchange offer. Nabors Delaware will pay all expenses incidental to the exchange offer.
Registration Rights Agreement	<p>When Nabors Delaware issued the old notes on September 14, 2010, it entered into a registration rights agreement with the initial purchasers of the old notes. Under the terms of the registration rights agreement, Nabors Delaware agreed to file with the Securities and Exchange Commission, referred to as the SEC, and use its reasonable best efforts to cause to become effective by March 13, 2011, a registration statement relating to an offer to exchange the old notes for the new notes.</p> <p>If Nabors Delaware does not complete the exchange offer by May 12, 2011, the interest rate borne by the old notes will be increased 0.25% per annum until the exchange offer is completed or until the old notes are freely transferable under Rule 144 of the Securities Act. In addition, if the exchange offer registration statement ceases to be effective or usable in connection with resales of the new notes during periods specified in the registration rights agreement, the interest rate borne by the old notes and the new notes will be increased 0.25% per annum until the registration defects are cured.</p>
Resales	<p>Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties, Nabors Delaware believes that the new notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act as long as:</p> <p>any new notes you receive in the exchange offer will be acquired by you in the ordinary course of your business;</p>

you have no arrangement or understanding with any person to participate in the distribution, as defined in the Securities Act, of the old notes or the new notes; and

you are not our affiliate, as defined in Rule 501(b) of Regulation D of the Securities Act.

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If you are an affiliate of Nabors Delaware or Nabors, are engaged in or intend to engage in or have any arrangement or understanding with any person to participate in the distribution of the new notes:

you cannot rely on the applicable interpretations of the staff of the SEC; and

you must comply with the registration requirements of the Securities Act in connection with any resale transaction.

Each broker or dealer that receives new notes for its own account in exchange for old notes that were acquired as a result of market-making or other trading activities may be a statutory underwriter and must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any offer, resale, or other transfer of the new notes issued in the exchange offer, including information with respect to any selling holder required by the Securities Act in connection with any resale of the new notes and must confirm that it has not entered into any arrangement or understanding with Nabors Delaware, Nabors or any of their affiliates to distribute the new notes.

Furthermore, any broker-dealer that acquired any of its old notes directly from Nabors Delaware:

may not rely on the applicable interpretation of the SEC staff's position contained in Exxon Capital Holdings Corporation (pub. avail. May 13, 1988), Morgan Stanley and Co., Inc. (pub. avail. June 5, 1991), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993 and similar no-action letters; and

must also be named as a selling noteholder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

See Plan of Distribution and The Exchange Offer Purpose and Effect of Exchange Offer Registration Rights.

**Broker-Dealers**

Each broker-dealer that receives new notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any offer, resale or other transfer of such new notes, including information with respect to any selling holder required by the Securities Act in connection with the resale of the new notes and must confirm that it has not entered into any arrangement or understanding with Nabors Delaware or Nabors or any of their affiliates to distribute the new notes. Nabors

Delaware has agreed that for a period of 180 days after the effective date of the registration statement for the exchange offer, it will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.



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Exchange Agent

Citibank is serving as the exchange agent. Its address, telephone number and facsimile number are:

Citibank, N.A.

111 Wall Street 15<sup>th</sup> Floor  
New York, New York 10005  
Telephone: (800) 422-2066  
Fax: (212) 657-1020

Please review the information under the heading **The Exchange Offer** for more detailed information concerning the exchange offer.

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**The New Notes**

The summary below describes the principal terms of the new notes to be issued in exchange for the old notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of the New Notes section of the prospectus contains a more detailed description of the terms and conditions of the New Notes.

Issuer	Nabors Industries, Inc.
Guarantor	Nabors Industries Ltd.
Securities Offered	<p>\$700,000,000 aggregate principal amount of 5.0% Senior Notes due 2020.</p> <p>The terms of the new notes will be identical in all material respects to the terms of the old notes, except that the new notes have been registered and therefore will not contain transfer restrictions and will not contain the provisions for an increase in the interest rate related to defaults in the agreement to carry out this exchange offer.</p>
Maturity	September 15, 2020.
Interest Rate	5.0% per annum.
Interest Payment Dates	March 15 and September 15, of each year, commencing March 15, 2011.
Guarantee	<p>Nabors will fully and unconditionally guarantee the due and punctual payment of the principal of, premium, if any, interest on the new notes and any other obligations of Nabors Delaware under the new notes when and as they become due and payable, whether at maturity, upon redemption, by acceleration or otherwise if Nabors Delaware is unable to satisfy these obligations. The guarantee provides that, in the event of a default on the new notes, the holders of the new notes may institute legal proceedings directly against Nabors to enforce the guarantee without first proceeding against Nabors Delaware. See Description of the New Notes Guarantee.</p>
Ranking	<p>The new notes will:</p> <ul style="list-style-type: none"> <li>be unsecured;</li> <li>be effectively junior in right of payment to any of our future secured debt;</li> <li>rank equally in right of payment with any of Nabors Delaware's existing and future unsubordinated debt; and</li> <li>be senior in right of payment to any of Nabors Delaware's existing and future senior subordinated or subordinated debt.</li> </ul> <p>Nabors' guarantee of Nabors Delaware's obligations under the new notes will be a direct, unsecured and unsubordinated obligation of the guarantor</p>

and will have the same ranking with respect to indebtedness of Nabors as the new notes will have with respect to our indebtedness. See Description of the New Notes Guarantee.

Optional Redemption

Nabors Delaware may, at its option, redeem some or all of the new notes, in whole or in part, at any time, at make-whole prices described in this prospectus, plus accrued and unpaid interest to the

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	redemption date. See Description of the New Notes Optional Redemption.
Change of Control Offer	If a change of control triggering event as described herein occurs, each holder of the new notes may require Nabors Delaware to purchase all or a portion of such holder's new notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. See Description of the Notes Change of Control Offer.
Use of Proceeds	Nabors Delaware will not receive any cash proceeds from the exchange offer. See Use of Proceeds.
Covenants	Nabors Delaware will issue the new notes under the Indenture. The Indenture limits the ability of Nabors and its subsidiaries to incur liens and to enter into sale and lease-back transactions. In addition, the Indenture limits both Nabors Delaware's and Nabors' ability to enter into mergers, consolidations, amalgamations or transfers of substantially all of our or its assets as an entirety unless the successor company assumes Nabors Delaware's or Nabors' obligations under the Indenture. These covenants are subject to a number of important qualifications and limitations. See Description of the Notes Covenants.
No Prior Market	There is currently no established trading market for the new notes. The new notes generally will be freely transferable but will also be new securities for which there will not initially be a market. Accordingly, there can be no assurance as to the development or liquidity of any market for the new notes. UBS Securities LLC., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Mizuho Securities USA, Inc., Banc of America Securities LLC, Morgan Stanley & Co. Incorporated, HSBC Securities (USA) Inc., PNC Capital Markets LLC and Scotia Capital (USA) Inc., the initial purchasers of the old notes, have advised us that they currently intend to make a market in the new notes. However, none are obligated to do so, and any market-making with respect to the new notes may be discontinued without notice. Nabors Delaware does not intend to apply for a listing of the new notes on any securities exchange or an automated dealer quotation system.

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**FORWARD-LOOKING STATEMENTS**

We often discuss expectations regarding our future markets, demand for our products and services, and our performance in our offering memoranda, registration statements, prospectuses, annual and quarterly reports, press releases, and other written and oral statements. Statements that relate to matters that are not historical facts are forward-looking statements within the meaning of the safe harbor provisions of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act. These forward-looking statements are based on an analysis of currently available competitive, financial and economic data and our operating plans. We do not intend to update or revise any forward-looking statements that we may make in this prospectus or other documents, reports, filings or press releases, whether as a result of new information, future events or otherwise. They are inherently uncertain and investors should recognize that events and actual results could turn out to be significantly different from our expectations. By way of illustration, when used in this document, words such as anticipate, believe, expect, plan, intend, estimate, project, will, should, could, may, p expressions are intended to identify forward-looking statements. You should consider the following key factors when evaluating these forward-looking statements:

fluctuations in worldwide prices of and demand for natural gas and oil;

fluctuations in levels of natural gas and oil exploration and development activities;

fluctuations in the demand for our services;

the existence of competitors, technological changes and developments in the oilfield services industry;

the existence of operating risks inherent in the oilfield services industry;

the existence of regulatory and legislative uncertainties;

the possibility of changes in tax laws;

the possibility of political instability, war or acts of terrorism in any of the countries in which we do business; and

general economic conditions including the capital and credit markets.

The above description of risks and uncertainties is by no means all-inclusive, but is designed to highlight what we believe are important factors to consider. For a more detailed description of risk factors, please see the section entitled Risk Factors below, Nabors Annual Report on Form 10-K for the year ended December 31, 2009 filed with the SEC on February 26, 2010 and Nabors Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010 filed with the SEC on November 5, 2010.

All forward-looking statements in this prospectus are based on information available to us on the date of this prospectus. We do not intend to update or revise any forward-looking statements that we may make in this prospectus or other documents, reports, filings or press releases, whether as a result of new information, future events or otherwise.



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**RISK FACTORS**

*You should carefully consider the risks described below, as well as other information contained in or incorporated by reference into this prospectus, including the risks described under Item 1A Risk Factors in Nabors Annual Report on Form 10-K for year ended December 31, 2009 filed with the SEC on February 26, 2010 and in Nabors Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010 filed with the SEC on November 5, 2010, before tendering your old notes in the exchange offer. The risks described below and incorporated by reference are not the only ones that we may face. Additional risks that are not currently known to us or that we currently consider immaterial may also impair our business, financial condition or results of operations.*

**Risks Related to the Offering**

***Nabors significant level of consolidated debt could adversely affect its consolidated financial condition and prevent it and Nabors Delaware from fulfilling their respective obligations under the Indenture.***

As of September 30, 2010, Nabors outstanding consolidated total indebtedness was \$4.5 billion, resulting in a gross funded debt to capital ratio of 0.43:1 and a net funded debt to capital ratio of 0.38:1. The gross funded debt to capital ratio is calculated by dividing (x) funded debt by (y) funded debt *plus* deferred tax liabilities (net of deferred tax assets) *plus* capital. Funded debt is defined as the sum of (1) short-term borrowings, (2) current portion of long-term debt and (3) long-term debt. Capital is defined as shareholders equity. The net funded debt to capital ratio is calculated by dividing (x) net funded debt by (y) net funded debt *plus* deferred tax liabilities (net of deferred tax assets) *plus* capital. Net funded debt is funded debt *minus* the sum of cash and cash equivalents, short-term and long-term investments, and other receivables. Both of these ratios are used to calculate a company's leverage in relation to its capital. Neither ratio measures operating performance or liquidity as defined by U.S. GAAP and, therefore, may not be comparable to similarly titled measures presented by other companies. Nabors level of consolidated indebtedness could adversely affect its consolidated financial condition and prevent us from fulfilling our respective obligations under the Indenture.

Nabors and its subsidiaries may still be able to incur substantially more debt. The terms of the Indenture governing the new notes and the agreements governing Nabors other indebtedness permit additional borrowings and any such borrowings may be effectively senior in right of payment to the new notes and the related guarantee. Nabors incurrence of additional debt could further exacerbate the risks described in this prospectus.

***If you do not elect to exchange your old notes for new notes, you will hold securities that are not registered and that contain restrictions on transfer.***

The old notes that are not tendered and exchanged will remain restricted securities. If the exchange offer is completed, Nabors Delaware will not be required to register any remaining old notes, except in the very limited circumstances described in the registration rights agreement for the old notes. That means that if you wish to offer, sell, pledge or otherwise transfer your old notes at some future time, they may be offered, sold, pledged or transferred only if an exemption from registration under the Securities Act is available or, outside of the United States, to non-U.S. persons in accordance with the requirements of Regulation S under the Securities Act. Any remaining old notes will continue to bear a legend restricting transfer in the absence of registration or an exemption from registration.

To the extent that old notes are tendered and accepted in connection with the exchange offer, any trading market for remaining old notes could be adversely affected.

***You must comply with the exchange offer procedures in order to receive freely tradable, new notes.***

Delivery of new notes in exchange for old notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of the following:

certificates for old notes or a book-entry confirmation of a book-entry transfer of old notes into the exchange agent's account at DTC, New York, New York as a depository, including an Agent's Message if the tendering holder does not deliver a letter of transmittal;



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a completed and signed letter of transmittal (or facsimile thereof), with any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message in lieu of the letter of transmittal; and

any other documents required by the letter of transmittal.

Therefore, holders of old notes who would like to tender old notes in exchange for new notes should be sure to allow enough time for the old notes to be delivered on time. Nabors Delaware is not required to notify you of defects or irregularities in tenders of old notes for exchange. Old notes that are not tendered or that are tendered but Nabors Delaware does not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and, upon consummation of the exchange offer, certain registration and other rights under the registration rights agreement will terminate. See *The Exchange Offer Procedures for Tendering Old Notes* and *The Exchange Offer Consequences of Exchanging or Failing to Exchange Old Notes*.

***Some holders who exchange their old notes may be deemed to be underwriters and these holders will be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction.***

If you exchange your old notes in the exchange offer for the purpose of participating in a distribution of the new notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

***Although the new notes are designated as Senior, your right to receive payment on the new notes and the guarantee is unsecured and will be effectively subordinated to any existing and future secured debt of Nabors Delaware, in the case of the new notes, and Nabors, in the case of the guarantee, to the extent of the value of the collateral therefor, and the new notes and the guarantee will be effectively subordinated to future indebtedness and other liabilities of Nabors Delaware and Nabors subsidiaries, respectively.***

The new notes are general senior unsecured obligations and therefore will be effectively subordinated in right of payment to Nabors Delaware's future secured indebtedness, and Nabors' guarantee is effectively subordinated in right of payment to the claims of future secured creditors of Nabors, in each case, to the extent of the collateral therefor. If Nabors Delaware defaults on the new notes, or becomes bankrupt, liquidates or reorganizes, any secured creditors could use their collateral to satisfy their secured indebtedness before you would receive any payment on the new notes. If the value of such collateral is not sufficient to pay any secured indebtedness in full, Nabors Delaware's secured creditors would share the value of its other assets, if any, with you and the holders of other claims against Nabors Delaware which rank equally with the new notes. The guarantee of the new notes will have a similar ranking with respect to secured indebtedness of Nabors as the new notes do with respect to Nabors Delaware's secured indebtedness.

In addition, Nabors Delaware and Nabors derive substantially all their income from, and hold substantially all their assets through, their respective subsidiaries, which will not guarantee the new notes. As a result, Nabors Delaware and Nabors will depend on distributions from each of their subsidiaries in order to meet payment obligations under any debt securities, including the new notes and the guarantee and Nabors Delaware's and Nabors' other obligations. Accordingly, Nabors Delaware's and Nabors' rights to receive any assets of any subsidiary, and therefore the right of Nabors Delaware's and Nabors' creditors to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors.

***The Nabors guarantee of the new notes could be voided or subordinated by federal bankruptcy law or comparable foreign and state law provisions.***

Nabors Delaware's obligations under the new notes are guaranteed by Nabors. Under the federal bankruptcy law and comparable provisions of foreign and state fraudulent transfer laws, the Nabors guarantee could be voided, or claims in respect of such guarantee could be subordinated to all other debts of Nabors if, among other things, Nabors, at the time it incurred the indebtedness evidenced by its guarantee, received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee; and

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was insolvent or rendered insolvent by reason of such incurrence;

was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by Nabors pursuant to its guarantee could be voided and required to be returned to Nabors or to a fund for the benefit of the creditors of Nabors.

The measure of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets;

the present fair saleable value of its assets were less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

Nabors Delaware cannot be sure as to the standards that a court would use to determine whether or not Nabors were solvent at the relevant time, or, regardless of the standard that the court uses, that the issuance of the guarantee of the new notes would not be voided or the guarantee of the new notes would not be subordinated to Nabors' other debt.

If the guarantee were legally challenged, such guarantee could also be subject to the claim that, since the guarantee was incurred for Nabors Delaware's benefit, and only indirectly for the benefit of Nabors, the obligations of Nabors were incurred for less than fair consideration.

A court could thus void the obligations under the guarantee or subordinate the guarantee to Nabors' other debt or take other action detrimental to holders of the new notes.

***Nabors Delaware may not have sufficient funds to purchase the new notes upon a Change of Control Triggering Event as required by the Indenture governing the new notes. The Change of Control Offer covenant provides limited protection.***

Holders of the new notes may require Nabors Delaware to purchase their new notes upon a Change of Control Triggering Event as defined under Description of the New Notes Change of Control Offer. A Change of Control (as defined under Description of the New Notes Change of Control Offer ) may also result in holders of certain of Nabors Delaware's other outstanding notes or future indebtedness having the right to require Nabors Delaware to purchase notes or repay indebtedness issued under one or more indentures or other agreements, including under the indentures governing our outstanding 0.94% convertible senior exchangeable notes due 2011, 6.15% senior notes due 2018 and 9.25% senior notes due 2019 as well as the Indenture as it relates to the old notes. Nabors Delaware cannot assure you that it would have sufficient financial resources, or would be able to arrange financing, to pay the purchase price of the new notes and any other notes and repay indebtedness that may be tendered by the holders thereof in such a circumstance.

Furthermore, the terms of our then-existing indebtedness or other agreements may contain financial covenants, events of default or other provisions that could be violated if a Change of Control were to occur or if Nabors Delaware were required to purchase the new notes and other notes and repay indebtedness containing a similar repurchase or repayment requirement.

The Change of Control Offer covenant is a result of negotiations between Nabors Delaware and the initial purchasers of the old notes and is limited to the transactions specified in Description of the Notes Change of Control Offer. Nabors has no present intention to engage in a transaction involving a Change of Control Triggering Event, although it is possible that Nabors could decide to do so in the future. Nabors could, in the future, enter into

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certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Triggering Event under the Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect the capital structure or the credit ratings of Nabors or Nabors Delaware.

*Your ability to transfer the notes may be limited by the absence of a trading market for the new notes.*

There is no established trading market for the new notes and Nabors Delaware has no plans to list the new notes on a securities exchange or automated dealer. UBS Securities LLC., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Mizuho Securities USA, Inc., Banc of America Securities LLC, Morgan Stanley & Co. Incorporated, HSBC Securities (USA) Inc., PNC Capital Markets LLC and Scotia Capital (USA) Inc., the initial purchasers of the old notes, have advised Nabors Delaware that they presently intend to make a market in the new notes. However, none are obligated to do so. Any market-making activity, if initiated, may be discontinued at any time, for any reason, without notice. The liquidity of any market for the new notes will depend upon the number of holders of the new notes, our results of operations and financial condition, the market for similar securities, the interest of securities dealers in making a market in the new notes and other factors.

Therefore, no assurance can be given as to whether an active trading market will develop for the new notes or, if a market develops, whether it will continue.

**USE OF PROCEEDS**

Nabors Delaware will not receive any proceeds from the issuance of the new notes in this exchange offer. Any old notes that are properly tendered and exchanged pursuant to the exchange offer will be retired and cancelled. Nabors Delaware will pay all expenses in connection with the exchange offer.

**RATIO OF EARNINGS TO FIXED CHARGES**

For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income (loss) from continuing operations before income taxes less undistributed earnings (losses) from unconsolidated affiliates (net of dividends) plus amortization of capitalized interest and fixed charges (excluding capitalized interest). Fixed charges consist of interest incurred (whether expensed or capitalized), amortization of debt expense, and that portion of rental expense on operating leases deemed to be the equivalent of interest. The following table sets forth Nabors' ratio of earnings to fixed charges for each of the periods indicated.

**Nabors Industries Ltd. and Subsidiaries**

		<b>Year Ended December 31,</b>				<b>Nine Months Ended</b>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>September 30,</b>	<b>2010</b>
Ratio of earnings to fixed charges	17.43x	10.49x	6.16x	4.93x	.95x(1)	1.21x	1.18x

(1) Earnings for the year ended December 31, 2009 were inadequate to cover fixed charges by approximately \$15.0 million.



**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

The following selected financial data should be read in conjunction with Nabors' consolidated financial statements and related notes incorporated by reference into this prospectus. The selected consolidated operating data for the nine months ended September 30, 2010 and 2009 and the selected consolidated balance sheet data as of September 30, 2010 are derived from Nabors' unaudited consolidated financial statements included in Nabors' Quarterly Report on Form 10-Q filed with the SEC on November 5, 2010 and incorporated by reference into this prospectus. The selected consolidated operating data for the years ended December 31, 2009, 2008 and 2007 and the selected consolidated balance sheet data as of December 31, 2009 and 2008 are derived from Nabors' audited consolidated financial statements included in Nabors' Annual Report on Form 10-K filed with the SEC on February 26, 2010 and Nabors' Current Report on Form 8-K filed with the SEC on December 13, 2010 and incorporated by reference into this prospectus. The selected consolidated operating data for the years ended December 31, 2006 and 2005 and the selected consolidated balance sheet data as of December 31, 2007, 2006 and 2005 are derived from Nabors' audited consolidated financial statements not incorporated by reference into this prospectus. In the opinion of Nabors' management, Nabors' unaudited consolidated financial statements have been prepared on a basis consistent with Nabors' audited consolidated financial statements and reflect all adjustments (consisting only of normal recurring adjustments) necessary to be consistent with Nabors' audited consolidated financial statements for a fair presentation of its results of operations and financial condition for the periods indicated.

**Operating Data(1)(2)(3)**

	<b>Year Ended December 31,</b>					<b>Nine Months Ended</b>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2009</b>	<b>2010</b>
	<b>(In thousands, except ratio data)</b>						
Revenues and other income:							
Operating revenues	\$ 3,394,472	\$ 4,707,268	\$ 4,938,748	\$ 5,507,542	\$ 3,683,419	\$ 2,853,944	\$ 2,856,636
Earnings (losses) from unconsolidated affiliates	5,671	20,545	20,980	(192,548)	(155,433)	(53,132)	28,329
Investment income (loss)	85,358	101,907	(16,290)	21,412	25,		