

REFINITIV

DELTA REPORT

10-Q

NABORS INDUSTRIES LTD
10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1341
CHANGES	219
DELETIONS	891
ADDITIONS	231

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, June 30, 2024

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-32657

NABORS INDUSTRIES LTD.

(Exact name of registrant as specified in its charter)

Bermuda

(State or other jurisdiction of incorporation or organization)

98-0363970

(I.R.S. Employer Identification No.)

Crown House
Second Floor
4 Par-la-Ville Road
Hamilton, HM08
Bermuda

(Address of principal executive office)

(441) 292-1510

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, \$.05 par value per share	NBR	NYSE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒

Accelerated Filer ☐

Non-accelerated Filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of common shares, par value \$.05 per share, outstanding as of April 30, 2024 July 24, 2024 was 9,540,228 9,548,615, excluding 1,161,283 common shares held by our subsidiaries, or 10,701,511 10,709,898 in the aggregate.

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES

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Trade accounts payable	319,436	294,442	331,468	294,442
Accrued liabilities	219,712	230,240	211,400	230,240
Income taxes payable	58,024	54,255	42,306	54,255
Current lease liabilities	5,246	5,423	5,748	5,423
Total current liabilities	602,418	1,213,981	590,922	1,213,981
Long-term debt	2,512,175	2,511,519	2,514,169	2,511,519
Other long-term liabilities	255,531	270,014	246,031	270,014
Deferred income taxes	1,425	1,366	1,556	1,366
Total liabilities (1)	3,371,549	3,996,880	3,352,678	3,996,880
Commitments and contingencies (Note 8)				
Redeemable noncontrolling interest in subsidiary	750,600	739,075	761,415	739,075
Shareholders' equity:				
Common shares, par value \$0.05 per share:				
Authorized common shares 32,000; issued 10,702 and 10,556, respectively	535	527		
Authorized common shares 32,000; issued 10,711 and 10,556, respectively			535	527
Capital in excess of par value	3,540,409	3,538,896	3,543,986	3,538,896
Accumulated other comprehensive income (loss)	(10,925)	(10,832)	(10,932)	(10,832)
Retained earnings (accumulated deficit)	(1,927,930)	(1,886,226)	(1,967,467)	(1,886,226)
Less: treasury shares, at cost, 1,161 and 1,161 common shares, respectively	(1,315,751)	(1,315,751)	(1,315,751)	(1,315,751)
Total shareholders' equity	286,338	326,614	250,371	326,614
Noncontrolling interest	236,485	215,396	251,229	215,396
Total equity	522,823	542,010	501,600	542,010
Total liabilities and equity	\$ 4,644,972	\$ 5,277,965	\$ 4,615,693	\$ 5,277,965

(1) The condensed consolidated balance sheets as of **March 31, 2024**, **June 30, 2024** and December 31, 2023 include assets and liabilities of variable interest entities. See Note 3—Joint Ventures and Note 13—Special Purpose Acquisition Company for additional information.

The accompanying notes are an integral part of these condensed consolidated financial statements.

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(Unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
	(In thousands, except per share amounts)	
Revenues and other income:		
Operating revenues	\$ 733,704	\$ 779,139
Investment income (loss)	10,201	9,866
Total revenues and other income	743,905	789,005
Costs and other deductions:		

Direct costs	437,077	462,329
General and administrative expenses	61,751	61,730
Research and engineering	13,863	15,074
Depreciation and amortization	157,685	163,031
Interest expense	50,379	45,141
Other, net	16,108	(42,375)
Total costs and other deductions	736,863	704,930
Income (loss) before income taxes	7,042	84,075
Income tax expense (benefit):		
Current	9,668	18,302
Deferred	6,376	4,713
Total income tax expense (benefit)	16,044	23,015
Net income (loss)	(9,002)	61,060
Less: Net (income) loss attributable to noncontrolling interest	(25,331)	(11,836)
Net income (loss) attributable to Nabors	\$ (34,333)	\$ 49,224
Earnings (losses) per share:		
Basic	\$ (4.54)	\$ 4.39
Diluted	\$ (4.54)	\$ 4.11
Weighted-average number of common shares outstanding:		
Basic	9,176	9,160
Diluted	9,176	9,867

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
(In thousands, except per share amounts)				
Revenues and other income:				
Operating revenues	\$ 734,798	\$ 767,067	\$ 1,468,502	\$ 1,546,206
Investment income (loss)	8,181	11,743	18,382	21,609
Total revenues and other income	742,979	778,810	1,486,884	1,567,815
Costs and other deductions:				
Direct costs	440,225	455,531	877,302	917,860
General and administrative expenses	62,154	63,232	123,905	124,962
Research and engineering	14,362	13,281	28,225	28,355
Depreciation and amortization	160,141	159,698	317,826	322,729
Interest expense	51,493	46,164	101,872	91,305
Other, net	12,079	(1,775)	28,187	(44,150)
Total costs and other deductions	740,454	736,131	1,477,317	1,441,061
Income (loss) before income taxes	2,525	42,679	9,567	126,754
Income tax expense (benefit):				
Current	10,691	19,026	20,359	37,328
Deferred	4,863	7,422	11,239	12,135
Total income tax expense (benefit)	15,554	26,448	31,598	49,463
Net income (loss)	(13,029)	16,231	(22,031)	77,291
Less: Net (income) loss attributable to noncontrolling interest	(19,226)	(11,620)	(44,557)	(23,456)
Net income (loss) attributable to Nabors	\$ (32,255)	\$ 4,611	\$ (66,588)	\$ 53,835
Earnings (losses) per share:				
Basic	\$ (4.29)	\$ (0.31)	\$ (8.83)	\$ 4.05
Diluted	\$ (4.29)	\$ (0.31)	\$ (8.83)	\$ 3.79
Weighted-average number of common shares outstanding:				
Basic	9,207	9,195	9,191	9,178

Diluted	9,207	9,195	9,191	10,141
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
	(in thousands)	
Net income (loss) attributable to Nabors	\$ (34,333)	\$ 49,224
Other comprehensive income (loss), before tax:		
Translation adjustment attributable to Nabors	(134)	58
Pension liability amortization and adjustment	53	52
Other comprehensive income (loss), before tax	(81)	110
Income tax expense (benefit) related to items of other comprehensive income (loss)	12	12
Other comprehensive income (loss), net of tax	(93)	98
Comprehensive income (loss) attributable to Nabors	(34,426)	49,322
Comprehensive income (loss) attributable to noncontrolling interest	25,331	11,836
Comprehensive income (loss)	\$ (9,095)	\$ 61,158

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	(in thousands)			
Net income (loss) attributable to Nabors	\$ (32,255)	\$ 4,611	\$ (66,588)	\$ 53,835
Other comprehensive income (loss), before tax:				
Translation adjustment attributable to Nabors	(47)	610	(181)	668
Pension liability amortization and adjustment	52	52	105	104
Other comprehensive income (loss), before tax	5	662	(76)	772
Income tax expense (benefit) related to items of other comprehensive income (loss)	12	12	24	24
Other comprehensive income (loss), net of tax	(7)	650	(100)	748
Comprehensive income (loss) attributable to Nabors	(32,262)	5,261	(66,688)	54,583
Comprehensive income (loss) attributable to noncontrolling interest	19,226	11,620	44,557	23,456
Comprehensive income (loss)	\$ (13,036)	\$ 16,881	\$ (22,131)	\$ 78,039

The accompanying notes are an integral part of these condensed consolidated financial statements.

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	\$ (9,002)	\$ 61,060
Adjustments to net income (loss):		
Depreciation and amortization	157,685	163,031
Deferred income tax expense (benefit)	6,376	4,713
Impairments and other charges	—	5,318
Amortization of debt discount and deferred financing costs	2,266	2,020
Losses (gains) on debt buyback	2,576	(24,856)
Losses (gains) on long-lived assets, net	4,600	337
Losses (gains) on investments, net	(10)	(354)
Share-based compensation	4,155	3,980
Foreign currency transaction losses (gains), net	11,394	6,454
Mark-to-market (gain) loss on warrants	(5,679)	(34,565)
Other	553	47
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	(67,201)	19,223
Inventory	(2,046)	(16,272)
Other current assets	(2,548)	6,726
Other long-term assets	665	(5,458)
Trade accounts payable and accrued liabilities	8,625	(47,375)
Income taxes payable	3,810	9,952
Other long-term liabilities	(8,980)	69
Net cash provided by (used for) operating activities	107,239	154,050
Cash flows from investing activities:		
Purchase of investments	(7,544)	(11,385)
Capital expenditures	(104,627)	(118,734)
Proceeds from sales of assets	5,502	1,982
Other	40	6
Net cash (used for) provided by investing activities	(106,629)	(128,131)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	250,000
Reduction in long-term debt	(631,043)	(232,549)
Debt issuance costs	(1,343)	(7,870)
Proceeds from revolving credit facilities	75,000	85,000
Reduction in revolving credit facilities	(75,000)	(85,000)
Payments for employee taxes on net settlement of equity awards	(2,634)	(7,071)
Dividends to common and preferred shareholders	(87)	(194)
Net cash (used for) provided by financing activities	(635,107)	2,316
Effect of exchange rate changes on cash and cash equivalents	(5,910)	(3,846)
Net increase (decrease) in cash and cash equivalents and restricted cash	(640,407)	24,389
Cash and cash equivalents and restricted cash, beginning of period	1,374,182	737,140
Cash and cash equivalents and restricted cash, end of period	\$ 733,775	\$ 761,529
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		

Cash and cash equivalents, beginning of period	1,057,487	451,025
Restricted cash, beginning of period	316,695	286,115
Cash and cash equivalents and restricted cash, beginning of period	<u>\$ 1,374,182</u>	<u>\$ 737,140</u>
Cash and cash equivalents, end of period	412,864	469,438
Restricted cash, end of period	320,911	292,091
Cash and cash equivalents and restricted cash, end of period	<u>\$ 733,775</u>	<u>\$ 761,529</u>
	Six Months Ended June 30,	
	2024	2023
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	\$ (22,031)	\$ 77,291
Adjustments to net income (loss):		
Depreciation and amortization	317,826	322,729
Deferred income tax expense (benefit)	11,239	12,135
Impairments and other charges	—	5,318
Amortization of debt discount and deferred financing costs	4,527	4,239
Losses (gains) on debt buyback	2,576	(25,098)
Losses (gains) on long-lived assets, net	11,111	927
Losses (gains) on investments, net	414	(960)
Share-based compensation	7,732	8,321
Foreign currency transaction losses (gains), net	17,894	16,810
Mark-to-market (gain) loss on warrants	(9,594)	(52,466)
Other	2,576	98
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	(20,044)	27,461
Inventory	(1,574)	(24,125)
Other current assets	(8,023)	(5,595)
Other long-term assets	57	(6,373)
Trade accounts payable and accrued liabilities	887	(44,506)
Income taxes payable	(12,893)	1,896
Other long-term liabilities	(13,782)	4,414
Net cash provided by (used for) operating activities	<u>288,898</u>	<u>322,516</u>
Cash flows from investing activities:		
Purchase of investments	(7,625)	(24,551)
Capital expenditures	(231,995)	(263,485)
Proceeds from sales of assets	7,860	5,050
Other	4,662	12
Net cash (used for) provided by investing activities	<u>(227,098)</u>	<u>(282,974)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	250,000
Reduction in long-term debt	(631,043)	(292,853)
Debt issuance costs	(1,343)	(8,036)
Proceeds from revolving credit facilities	130,000	125,000
Reduction in revolving credit facilities	(130,000)	(125,000)
Payments for employee taxes on net settlement of equity awards	(2,634)	(7,079)
Dividends to common and preferred shareholders	(87)	(194)
Distributions to noncontrolling interest	(950)	(2,269)
Special purpose acquisition company redemptions by non-controlling redeemable shareholders	—	(186,933)
Other	(282)	—
Net cash (used for) provided by financing activities	<u>(636,339)</u>	<u>(247,364)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(9,197)</u>	<u>(8,641)</u>
Net increase (decrease) in cash and cash equivalents and restricted cash	<u>(583,736)</u>	<u>(216,463)</u>

Cash and cash equivalents and restricted cash, beginning of period	1,374,182	737,140
Cash and cash equivalents and restricted cash, end of period	\$ 790,446	\$ 520,677
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents, beginning of period	1,057,487	451,025
Restricted cash, beginning of period	316,695	286,115
Cash and cash equivalents and restricted cash, beginning of period	\$ 1,374,182	\$ 737,140
Cash and cash equivalents, end of period	465,953	413,376
Restricted cash, end of period	324,493	107,301
Cash and cash equivalents and restricted cash, end of period	\$ 790,446	\$ 520,677

The accompanying notes are an integral part of these condensed consolidated financial statements.

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NABORS INDUSTRIES LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Common Shares		Capital	Accumulated	Retained	Non-		Total
	Par		in Excess	Other	Earnings	Treasury	controlling	
(In thousands)	Shares	Value	of Par	Comprehensive	(Accumulated	Shares	Interest	Equity
			Value	Income (Loss)	Loss)			
As of March 31, 2023	10,630	\$ 531	\$3,533,240	\$ (10,940)	\$ (1,804,369)	\$ (1,315,751)	\$ 179,671	\$ 582,382
Net income (loss)	—	—	—	—	4,611	—	11,620	16,231
Other comprehensive income (loss), net of tax	—	—	—	650	—	—	—	650
Share-based compensation	7	—	4,341	—	—	—	—	4,341
Deemed dividends to SPAC public shareholders	—	—	—	—	(2,220)	—	—	(2,220)
Noncontrolling interest contributions (distributions)	—	—	—	—	—	—	(2,269)	(2,269)
Accrued distribution on redeemable noncontrolling interest in subsidiary	—	—	—	—	(7,436)	—	—	(7,436)
Other	(2)	—	(7)	—	—	—	—	(7)
As of June 30, 2023	10,635	\$ 531	\$3,537,574	\$ (10,290)	\$ (1,809,414)	\$ (1,315,751)	\$ 189,022	\$ 591,672
As of March 31, 2024	10,702	\$ 535	\$3,540,409	\$ (10,925)	\$ (1,927,930)	\$ (1,315,751)	\$ 236,485	\$ 522,823
Net income (loss)	—	—	—	—	(32,255)	—	19,226	(13,029)
Other comprehensive income (loss), net of tax	—	—	—	(7)	—	—	—	(7)
Share-based compensation	9	—	3,577	—	—	—	—	3,577
Noncontrolling interest contributions (distributions)	—	—	—	—	—	—	(4,482)	(4,482)
Accrued distribution on redeemable noncontrolling interest in subsidiary	—	—	—	—	(7,283)	—	—	(7,283)
Other	—	—	—	—	1	—	—	1
As of June 30, 2024	10,711	\$ 535	\$3,543,986	\$ (10,932)	\$ (1,967,467)	\$ (1,315,751)	\$ 251,229	\$ 501,600

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	Common Shares		Capital	Accumulated	Retained			Total	Common Shares		Capital	Accumulated	Retained	
	Par		in Excess	Other	Earnings	Treasury	Non-		Par		in Excess	Other	Earnings	Tre
	Par		of Par	Comprehensive	(Accumulated	Shares	controlling		Par		of Par	Comprehensive	(Accumulated	
(In thousands, except per share amounts)	Shares	Value	Value	Income (Loss)	Loss)	Shares	Interest	Equity	Shares	Value	Value	Income (Loss)	Loss)	St
(In thousands)									Shares	Value	Value	Income (Loss)	Loss)	St
As of December 31, 2022	10,505	\$ 525	\$3,536,373	\$ (11,038)	\$ (1,841,153)	\$ (1,315,751)	\$ 167,835	\$536,791	10,505	\$ 525	\$3,536,373	\$ (11,038)	\$ (1,841,153)	\$(1,315,751)
Net income (loss)	—	—	—	—	49,224	—	11,836	61,060	—	—	—	—	53,835	—
Other comprehensive income (loss), net of tax	—	—	—	98	—	—	—	98	—	—	—	748	—	—
Deemed dividends to SPAC public shareholders	—	—	—	—	(5,137)	—	—	(5,137)	—	—	—	—	(7,357)	—
Share-based compensation	172	8	3,972	—	—	—	—	3,980	179	8	8,313	—	—	—
Vesting of restricted stock awards, net of shares withheld for employee taxes	(47)	(2)	(7,071)	—	—	—	—	(7,073)	—	—	—	—	—	—
Noncontrolling interest contributions (distributions)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Accrued distribution on redeemable noncontrolling interest in subsidiary	—	—	—	—	(7,354)	—	—	(7,354)	—	—	—	—	(14,790)	—
Other	—	—	(34)	—	51	—	—	17	(49)	(2)	(7,112)	—	51	—
As of March 31, 2023	10,630	\$ 531	\$3,533,240	\$ (10,940)	\$ (1,804,369)	\$ (1,315,751)	\$ 179,671	\$582,382	10,635	\$ 531	\$3,537,574	\$ (10,290)	\$ (1,809,414)	\$(1,315,751)
As of June 30, 2023	—	—	—	—	—	—	—	—	—	—	—	—	—	—

As of December 31, 2023	10,556	\$ 527	\$3,538,896	\$	(10,832)	\$ (1,886,226)	\$(1,315,751)	\$ 215,396	\$542,010	10,556	\$ 527	\$3,538,896	\$	(10,832)	\$ (1,886,226)	\$(1,315,751)	\$ 215,396	\$542,010
Net income (loss)	—	—	—	—	—	(34,333)	—	25,331	(9,002)	—	—	—	—	—	(66,588)	—	—	(9,002)
Other comprehensive income (loss), net of tax	—	—	—	—	(93)	—	—	—	(93)	—	—	—	—	(100)	—	—	—	(93)
Noncontrolling interest contributions (distributions)	—	—	—	—	—	—	—	(4,242)	(4,242)	—	—	—	—	—	—	—	—	(4,242)
Share-based compensation	178	9	4,155	—	—	—	—	—	4,164	187	9	7,732	—	—	—	—	—	7,732
Accrued distribution on redeemable noncontrolling interest in subsidiary	—	—	—	—	—	(7,283)	—	—	(7,283)	—	—	—	—	—	(14,566)	—	—	(7,283)
Other	(32)	(1)	(2,642)	—	—	(88)	—	—	(2,731)	(32)	(1)	(2,642)	—	—	(87)	—	—	(2,731)
As of March 31, 2024	10,702	\$ 535	\$3,540,409	\$	(10,925)	\$ (1,927,930)	\$(1,315,751)	\$ 236,485	\$522,823	10,711	\$ 535	\$3,543,986	\$	(10,932)	\$ (1,967,467)	\$(1,315,751)	\$ 236,485	\$522,823
As of June 30, 2024																		

The accompanying notes are an integral part of these condensed consolidated financial statements.

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Nabors Industries Ltd. and Subsidiaries

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 General

Unless the context requires otherwise, references in this report to “we,” “us,” “our,” “the Company,” or “Nabors” mean Nabors Industries Ltd., together with our subsidiaries. References in this report to “Nabors Delaware” mean Nabors Industries, Inc., a wholly owned subsidiary of Nabors.

Our business is comprised of our global land-based and offshore drilling rig operations and other rig related services and technologies. We provide performance tools, directional drilling services, tubular running services and innovative technologies for our own rig fleet and those operated by third parties. In addition, we manufacture advanced drilling equipment and provide drilling rig instrumentation. Also, we have a portfolio of technologies designed to drive energy efficiency and emissions reductions for both ourselves and our third-party customers.

With operations in over 15 countries, we are a global provider of drilling and drilling-related services for land-based and offshore oil and natural gas wells, with a fleet of rigs and drilling-related equipment which, as of **March 31, 2024** **June 30, 2024** included:

- 291 actively marketed rigs for land-based drilling operations in the United States and various countries throughout the world; and
- 26 actively marketed rigs for offshore platform drilling operations in the United States and multiple international markets.

The short- and long-term implications of the military hostilities between Russia and Ukraine, which began in early 2022, remain difficult to predict. We continue to actively monitor this dynamic situation. As of March 31, 2024, June 30, 2024 and 2023, December 31, 2023, 0.8% and 1.1% 0.9% of our property, plant and equipment, net was located in Russia, respectively. For the three six months ending March 31, 2024, June 30, 2024 and 2023, 0.8% and 1.2% of our operating revenues were from operations in Russia, respectively. We currently have no assets or operations in Ukraine.

Note 2 Summary of Significant Accounting Policies

Interim Financial Information

The accompanying unaudited condensed consolidated financial statements of Nabors have been prepared in conformity with generally accepted accounting principles in the United States ("U.S. GAAP") applicable to interim reporting. Pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC" or "Commission"), certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been omitted. Therefore, these financial statements should be read together with our annual report on Form 10-K for the year ended December 31, 2023 ("2023 Annual Report"). In management's opinion, the unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to state fairly our financial position as of March 31, 2024, June 30, 2024 and the results of operations, comprehensive income (loss), cash flows and changes in equity for the periods presented herein. Interim results for the three six months ended March 31, 2024, June 30, 2024 may not be indicative of results that will be realized for the full year ending December 31, 2024.

Principles of Consolidation

Our condensed consolidated financial statements include the accounts of Nabors, as well as all majority-owned and non-majority owned subsidiaries consolidated in accordance with U.S. GAAP. All significant intercompany accounts and transactions are eliminated in consolidation.

In addition to the consolidation of our majority owned subsidiaries, we also consolidate variable interest entities ("VIE") when we are determined to be the primary beneficiary of a VIE. Determination of the primary beneficiary of a VIE is based on whether an entity has (a) the power to direct activities that most significantly impact the economic performance of the VIE and (b) the obligation to absorb losses or the right to receive benefits of the VIE that could

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potentially be significant to the VIE. Our determination of the primary beneficiary of a VIE considers all relationships between us and the VIE. Our joint venture, SANAD, which is equally owned by Saudi Aramco and Nabors, has been consolidated. As we have the power to direct activities that most significantly impact SANAD's economic performance, including operations, maintenance and certain sourcing and procurement, we have determined Nabors to be the primary beneficiary. See Note 3—Joint Ventures. Also, we are the co-sponsor of a special purpose acquisition company (SPAC) (the "SPAC") and have determined it is a VIE. Nabors is the primary beneficiary of the SPAC as we have the power to direct activities, the right to receive benefits and the obligation to absorb losses. Therefore, the SPAC has been consolidated. See Note 13—Special Purpose Acquisition Company.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out or weighted-average cost methods and includes the cost of materials, labor and manufacturing overhead. Inventory included the following:

March 31,	December 31,	June 30,	December 31,
2024	2023	2024	2023

	(In thousands)		(In thousands)	
Raw materials	\$ 136,463	\$ 144,886	\$136,404	\$ 144,886
Work-in-progress	10,806	2,912	8,822	2,912
Finished goods	2,520	—	2,525	—
	\$ 149,789	\$ 147,798	\$147,751	\$ 147,798

Recent accounting pronouncements

Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280)*, which enhances prior reportable segment disclosure requirements in part by requiring entities to disclose significant expenses related to their reportable segments that are regularly provided to the chief operation decision maker ("CODM") and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items to reconcile to segment profit or loss. The guidance also requires disclosure of the CODM's position for each segment and detail of how the CODM uses financial reporting to access their segment's performance. The new guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, and should be applied retrospectively. The adoption of ASU 2023-07 requires us to provide additional disclosures related to our segments, but **will** otherwise **does** not materially impact our financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvement to Income Tax Disclosures*, to enhance the transparency and decision usefulness of income tax disclosures. This provides qualitative and quantitative updates to the rate reconciliation and income taxes paid disclosures, including consistent categories and greater disaggregation of information in the rate reconciliation and disaggregation by jurisdiction of income taxes paid. The new guidance is effective for fiscal years beginning after December 15, 2024. We are currently evaluating the impact of this accounting standard update on our financial statements and related disclosures.

We consider the applicability and impact of all ASUs. We assessed ASUs not listed above and determined that they either were not applicable or do not have a material impact on our financial statements.

Note 3 Joint Ventures

During 2016, we entered into an agreement with Saudi Aramco to form a joint venture known as SANAD to own, manage and operate onshore drilling rigs in the Kingdom of Saudi Arabia. SANAD is equally owned by Saudi Aramco and Nabors.

During 2017, Nabors and Saudi Aramco each contributed \$20 million in cash for the purpose of capitalizing the joint venture upon formation. In addition, since inception Nabors and Saudi Aramco have each contributed a combination of drilling rigs, drilling rig equipment and other assets, including cash, with each of the party's contributions having a value of approximately \$394 million to the joint venture. The contributions were received in exchange for redeemable ownership interests which accrue interest annually, have a twenty-five year maturity and are required to be converted to authorized capital should certain events occur, including the accumulation of specified losses. In the accompanying condensed consolidated balance sheet, Nabors has reported Saudi Aramco's share of authorized capital as a component of noncontrolling interest in equity and Saudi Aramco's share of the redeemable ownership interests as redeemable noncontrolling interest in subsidiary, classified as mezzanine equity. As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the amount included in redeemable noncontrolling interest was **\$430.9 million** **\$438.2 million** and \$423.6 million, respectively. The accrued interest on the redeemable ownership interest is a non-cash financing activity and is reported as an increase in the redeemable noncontrolling interest in subsidiary line in our condensed consolidated balance sheet. The assets and liabilities included in the condensed balance sheet below are (a) assets that can either be used to settle obligations of the VIE or be made available in the future to the equity owners through dividends, distributions or in exchange of the redeemable ownership interests (upon mutual agreement of the owners) or (b) liabilities for which creditors do not have recourse to other assets of Nabors.

The condensed balance sheet of SANAD, as included in our condensed consolidated balance sheet, is presented below.

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
	(In thousands)		(In thousands)	
Assets:				
Cash and cash equivalents	\$ 253,995	\$ 281,329	\$ 298,355	\$ 281,329
Accounts receivable	158,819	86,461	129,714	86,461
Other current assets	19,807	12,461	14,456	12,461
Property, plant and equipment, net	668,924	646,215	708,923	646,215
Other long-term assets	26,355	25,099	22,182	25,099
Total assets	\$ 1,127,900	\$ 1,051,565	\$ 1,173,630	\$ 1,051,565
Liabilities:				
Accounts payable	\$ 109,443	\$ 88,432	\$ 116,996	\$ 88,432
Accrued liabilities	20,153	10,301	17,172	10,301
Other liabilities	48,069	38,524	49,224	38,524
Total liabilities	\$ 177,665	\$ 137,257	\$ 183,392	\$ 137,257

Note 4 Accounts Receivable Purchase and Sales Agreements

The Company entered into an accounts receivable sales agreement (the "A/R Sales Agreement") and an accounts receivable purchase agreement (the "A/R Purchase Agreement," and, together with the A/R Sales Agreement, the "A/R Agreements"). As part of the A/R Agreements, the Company continuously sells designated eligible pools of receivables as they are originated by it and certain **of its** U.S. subsidiaries to a separate, bankruptcy-remote, special purpose entity ("SPE") pursuant to the A/R Sales Agreement. Pursuant to the A/R Purchase Agreement, the SPE in turn sells, transfers, conveys and assigns to unaffiliated third-party financial institutions (the "Purchasers") all the rights, title and interest in and to its pool of eligible receivables (the "Eligible Receivables"). The sale of the Eligible Receivables qualifies for sale accounting treatment in accordance with ASC 860 – Transfers and Servicing. During the period of this program, cash receipts from the Purchasers at the time of the sale are classified as operating activities in our consolidated statement of cash flows and the associated receivables are derecognized from the Company's consolidated balance sheet at the time of the sale. The remaining receivables held by the

SPE were pledged to secure the collectability of the sold Eligible Receivables. Subsequent collections on the pledged receivables, which have not been sold, will be classified as operating cash flows in our consolidated statement of cash flows at the time of collection. The amount of receivables pledged as collateral as of **March 31, 2024** **June 30, 2024** and December 31, 2023 is approximately **\$58.0 million** **\$43.3 million** and \$67.0 million, respectively.

In July 2021, we entered into the First Amendment to the A/R Purchase Agreement (the "First Amendment"), which reduced the commitments of the Purchasers from \$250 million to \$150 million and extended the term of the agreements by two years, to August 13, 2023.

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In June 2022, we entered into the Third Amendment to the A/R Purchase Agreement which extended the term of the A/R Purchase Agreement to August 13, 2024 and increased the commitments of the Purchasers under the A/R Purchase Agreement from \$150 million to \$250 million. Subject to Purchaser approval, the commitments of the Purchasers may be increased to \$300 million.

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In April 2024, we entered into the Fourth Amendment to the A/R Purchase Agreement which, among other things, extended the term of the A/R Purchase Agreement to the earliest of (i) April 1, 2027, (ii) the date that is ninety (90) calendar days prior to the occurrence of the maturity date under and as defined in the **2024** Credit Agreement and (iii) if any of the principal amount of the 7.25% Senior Guaranteed Notes are outstanding as of October 15, 2025, then October 15, 2025.

The amount available for sale to the Purchasers under the A/R Purchase Agreement fluctuates over time based on the total amount of Eligible Receivables generated during the normal course of business after excluding excess concentrations and certain other ineligible receivables. As of **March 31, 2024** **June 30, 2024**, approximately **\$157.0 million** **\$156.0 million** had been sold to and as yet uncollected by the Purchasers. As of December 31, 2023, the corresponding number was approximately \$145.0 million.

Note 5 Debt

Debt consisted of the following:

March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
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(In thousands)

(In thousands)

0.75% senior exchangeable notes due January 2024	\$	—	\$	155,529	\$	—	\$	155,529
5.75% senior notes due February 2025		—		474,092		—		474,092
7.25% senior guaranteed notes due January 2026		555,902		555,902		555,902		555,902
7.375% senior priority guaranteed notes due May 2027		700,000		700,000		700,000		700,000
7.50% senior guaranteed notes due January 2028		389,609		389,609		389,609		389,609
1.75% senior exchangeable notes due June 2029		250,000		250,000		250,000		250,000
9.125% senior priority guaranteed notes due January 2030		650,000		650,000		650,000		650,000
	\$	2,545,511	\$	3,175,132	\$	2,545,511	\$	3,175,132
Less: current portion		—		629,621		—		629,621
Less: deferred financing costs		33,336		33,992		31,342		33,992
Long-term debt	\$	2,512,175	\$	2,511,519	\$	2,514,169	\$	2,511,519

During the **three six** months ended **March 31, 2024** **June 30, 2024**, we fully redeemed the \$474.1 million remaining balance of the 5.75% senior notes due February 2025 for approximately \$487.0 million in cash, including principal, premium of \$1.4 million and \$11.5 million in accrued and unpaid interest. In connection with **these repurchases, the redemption**, we recognized a \$2.6 million loss for the **three six** months ended **March 31, 2024** **June 30, 2024** which is included in Other, net in our condensed consolidated statement of income (loss). In addition, the remaining balance of the 0.75% senior exchangeable notes due January 2024 were fully redeemed.

2022 Credit Agreement

On January 21, 2022, Nabors Delaware entered into a revolving credit agreement between Nabors Delaware, the guarantors from time-to-time party thereto, the issuing banks (the "Issuing Banks") and other lenders party thereto (the "Lenders") and Citibank, N.A., as administrative agent (the "2022 Credit Agreement"). On June 17, 2024, Nabors Delaware amended and restated the credit agreement (the "2024 Credit Agreement"). Under the **2022 2024** Credit Agreement, the **Lenders** lenders have committed to provide to Nabors Delaware up to an aggregate principal amount of revolving loans at any time outstanding not in excess of \$350.0 million (with an accordion feature for an additional \$100.0 million, subject and the issuing banks have committed to lender approval) provide a standalone letter of credit tranche that permits Nabors Delaware to issue reimbursement obligations under a secured revolving credit facility, including sub-facilities provided by certain of the Lenders for letters of credit in an aggregate principal amount at any time outstanding not in excess of \$100.0 million. \$125.0 million. Letters of credit issued will not affect revolving loan capacity and vice versa. The 2024 Credit Agreement contains a \$200.0 million uncommitted accordion feature that can be applied to increase the commitments under either the revolving loans or the letter of credit tranche, or both.

The 2022 Credit Agreement permits the incurrence of additional indebtedness secured by liens, which may include liens on the collateral securing the facility, in an amount up to \$150.0 million as well as a grower basket for term loans in an amount not to exceed \$100.0 million secured by liens not on the collateral. The Company is required to maintain an interest coverage ratio (EBITDA/interest expense) of 2.625:1.00, which increases to 2.75:1.00, by June 30, 2024, and a minimum guarantor value, requiring the guarantors (other than the Company) and their subsidiaries to own at least 90% of the consolidated property, plant and equipment of the Company. The facility matures on January 21, 2026, the earlier of (a) June 17, 2029 and (b) to the extent 10% or more of the respective principal amount of any of the 7.25% Senior Guaranteed Notes due January 2026, 7.375% Senior Priority Guaranteed Notes due May 2027 or 7.50% Senior Guaranteed Notes due

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January 2028 or 50% or more of the principal amount of the 1.75% Senior Exchangeable Notes due June 2029 remains outstanding on the date that is 90 days prior to the applicable maturity date for such Indebtedness, then such 90th day.

Additionally, the Company is subject to covenants, which are subject to certain exceptions and include, among others, (a) a covenant restricting our ability to incur liens (subject to the additional liens basket of up to \$150.0 million), (b) a covenant restricting its ability to pay dividends or make other distributions with respect to its capital stock and to repurchase certain indebtedness and (c) a covenant restricting the ability of the Company's subsidiaries to incur debt (subject to the grower debt basket of up to \$100.0 million). The agreement also includes a collateral coverage requirement that the collateral rig fair value is to be no less than the collateral coverage threshold, as defined in the agreement. This requirement includes an independent appraisal report to be delivered every 6 months following the closing date.

As of **March 31, 2024** **June 30, 2024**, we had no borrowings and **\$47.1 million** **\$50.4 million** of letters of credit outstanding under our **2022 2024** Credit Agreement. The weighted average interest rate on borrowings under the **2022 2024** Credit Agreement at **March 31, 2024** **June 30, 2024** was 8.19%. In order to make any future borrowings under the **2022 2024** Credit Agreement, Nabors and certain of its wholly owned subsidiaries are subject to compliance with the conditions and covenants contained therein, including compliance with applicable financial ratios.

As of the date of this report, we were in compliance with all covenants under the **2022 2024** Credit Agreement. We expect to remain in compliance with all covenants under the **2022 2024** Credit Agreement during the twelve-month period following the date of this report based on our current operational and financial projections. However, we can make no assurance of continued compliance if our current projections or material underlying assumptions prove to be incorrect. If we fail to comply with the covenants, the revolving credit commitment could be terminated, and any outstanding borrowings under the facility could be declared immediately due and payable.

8.875% Senior Guaranteed Notes due August 2031

On July 22, 2024, Nabors issued \$550.0 million in aggregate principal amount of 8.875% senior guaranteed notes, which are fully and unconditionally guaranteed by Nabors and certain of Nabors' indirect wholly-owned subsidiaries. Interest on the notes is payable on February 15 and August 15 of each year. The notes have a maturity date of August 15, 2031.

Note 6 Shareholders' Equity

Common share warrants

On May 27, 2021, the Board declared a distribution of warrants to purchase its common shares (the "Warrants") to holders of the Company's common shares. Holders of Nabors common shares received two-fifths of a warrant per common share held as of the record date (rounded down for any fractional warrant). Nabors issued approximately 3.2 million Warrants on June 11, 2021 to shareholders of record as of June 4, 2021. As of **March 31, 2024** **June 30, 2024**, 2.5 million Warrants remain outstanding and 1.1 million common shares have been issued as a result of exercises of Warrants.

Each Warrant represents the right to purchase one common share at an initial exercise price of \$166.66667 per Warrant, subject to certain adjustments (the "Exercise Price"). Payment of the exercise price may be in (a) cash or (b) "Designated Notes," which **at this time consists of** the Company **initially defined as (x) Nabors Delaware's (i) 5.10% Notes due 2023, (ii) 0.75% Exchangeable Notes due 2024, (iii) 5.75% Notes due 2025 and (y) the Company's 7.25% Notes due 2026**, subject to compliance with applicable procedures with respect to the delivery of the Warrants and Designated Notes. **The 0.75% Exchangeable Notes due 2024 were removed from the list of Designated Notes effective March 21, 2022, in June 2023, the remaining balance of the 5.10% Notes due 2023 was fully redeemed and in January 2024, the remaining balance of the 5.75% Notes due 2025 were fully redeemed.** The Exercise Price and the number of common shares issuable upon exercise are subject to anti-dilution adjustments, including for share dividends, splits, subdivisions, spin-offs, consolidations, reclassifications, combinations, noncash distributions, cash dividends (other than regular quarterly cash dividends not exceeding a permitted threshold amount), certain pro rata shares repurchases, and similar transactions, including certain issuances of common shares (or securities exercisable or convertible into or exchangeable for common shares) at a price (or having a conversion price) that is less than 95% of the market price of the common shares. The Warrants expire on June 11, 2026, but the expiration date may be accelerated at any time by the Company upon 20-days' prior notice. The Warrants are traded on the over-the-counter market.

The Warrants are recognized as derivative liabilities in accordance with ASC 815-40. Accordingly, the Company recognizes the Warrant instruments as liabilities at fair value and adjusts the instruments to fair value at each reporting period. The liabilities are subject to re-measurement at each balance sheet date until exercised, and any change in fair

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value is recognized in the Company's statement of operations. On **March 31, 2024** **June 30, 2024** and December 31, 2023, the fair value of the Warrants was approximately **\$20.2 million** **\$16.3 million** and \$25.9 million, respectively. During the three **and six** months ended **March 31,**

2024 June 30, 2024, approximately \$3.9 million and 2023, \$9.6 million of gain has been recognized for the change in the liability and included in Other, net in our consolidated statements of income (loss), respectively. During the three and six months ended June 30, 2023, approximately \$5.7 million \$17.9 million and \$34.3 million \$52.2 million of gain has been recognized for the change in the liability and included in Other, net in our consolidated statements of income (loss), respectively.

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Note 7 Fair Value Measurements

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). We utilize market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable. We primarily apply the market approach for recurring fair value measurements and endeavor to utilize the best information available. Accordingly, we employ valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The use of unobservable inputs is intended to allow for fair value determinations in situations where there is little, if any, market activity for the asset or liability at the measurement date. We are able to classify fair value balances utilizing a fair value hierarchy based on the observability of those inputs.

Under the fair value hierarchy:

- Level 1 measurements include unadjusted quoted market prices for identical assets or liabilities in an active market;
- Level 2 measurements include quoted market prices for identical assets or liabilities in an active market that have been adjusted for items such as effects of restrictions for transferability and those that are not quoted but are observable through corroboration with observable market data, including quoted market prices for similar assets; and
- Level 3 measurements include those that are unobservable and of a subjective nature.

Recurring Fair Value Measurements

Our financial assets that are accounted for at fair value on a recurring basis as of March 31, 2024 June 30, 2024 and December 31, 2023 consisted of short-term investments and restricted cash held in trust. During the three six months ended March 31, 2024 June 30, 2024, there were no transfers of our financial assets between Level 1 and Level 2 measures. Our financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As of March 31, 2024 June 30, 2024 and December 31, 2023, our restricted cash held in trust was carried at fair market value and totaled \$319.7 million \$323.3 million and \$315.5 million, respectively, and our short-term investments was primarily held at cost and totaled \$12.7 million and \$12.7 million, respectively. Both accounts consisted of Level 1 measurements. No material Our short-term investments were primarily held at fair market value and totaled \$7.7 million and \$12.7 million, respectively and primarily consisted of Level 2 or measurements. No material Level 3 measurements existed for our financial assets for any of the periods presented.

Our financial liabilities that are accounted for at fair value on a recurring basis as of March 31, 2024 June 30, 2024 and December 31, 2023 consisted of the Warrants and are included in other long-term liabilities in the accompanying consolidated financial statements. As of March 31, 2024 June 30, 2024 and December 31, 2023, the Warrants were carried at fair market value using their trading price and totaled \$20.2 million \$16.3 million and \$25.9 million, respectively.

Nonrecurring Fair Value Measurements

We applied fair value measurements to our nonfinancial assets and liabilities measured on a nonrecurring basis, which consist of measurements primarily related to equity method investments, other long-lived assets and assets acquired and liabilities assumed in a business combination. Based upon our review of the fair value hierarchy, the inputs used in these fair value measurements generally include Level 3 inputs, but could include Level 1 and 2 inputs.

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Fair Value of Debt Instruments

We estimate the fair value of our debt financial instruments in accordance with U.S. GAAP. The fair value of our long-term debt and revolving credit facilities is estimated based on quoted market prices or prices quoted from third-party financial institutions. The fair value of our debt instruments is determined using Level 2 measurements. The carrying and fair values of these liabilities were as follows:

March 31, 2024		December 31, 2023		June 30, 2024		December 31, 2023	
Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value

	(In thousands)				(In thousands)			
0.75% senior exchangeable notes due January 2024	\$ —	\$ —	\$ 155,529	\$ 154,989	\$ —	\$ —	\$ 155,529	\$ 154,989
5.75% senior notes due February 2025	—	—	474,092	474,120	—	—	474,092	474,120
7.25% senior guaranteed notes due January 2026	555,902	552,661	555,902	535,328	555,902	564,157	555,902	535,328
7.375% senior priority guaranteed notes due May 2027	700,000	699,356	700,000	687,526	700,000	711,592	700,000	687,526
7.50% senior guaranteed notes due January 2028	389,609	365,087	389,609	334,090	389,609	371,449	389,609	334,090
1.75% senior exchangeable notes due June 2029	250,000	187,225	250,000	185,383	250,000	183,385	250,000	185,383
9.125% senior priority guaranteed notes due January 2030	650,000	676,195	650,000	656,871	650,000	674,044	650,000	656,871
	<u>\$ 2,545,511</u>	<u>\$ 2,480,524</u>	<u>\$ 3,175,132</u>	<u>\$ 3,028,307</u>	<u>\$2,545,511</u>	<u>\$2,504,627</u>	<u>\$3,175,132</u>	<u>\$3,028,307</u>
Less: current portion	—	—	629,621	—	—	—	629,621	—

Less: deferred financing costs	33,336	33,992	31,342	33,992
	<u>\$ 2,512,175</u>	<u>\$ 2,511,519</u>	<u>\$2,514,169</u>	<u>\$2,511,519</u>

The fair values of our cash equivalents, trade receivables and trade payables approximate their carrying values due to the short-term nature of these instruments.

Note 8 Commitments and Contingencies

Contingencies

Income Tax

We operate in a number of countries and our tax returns filed in those jurisdictions are subject to review and examination by tax authorities within those jurisdictions. We do not recognize the benefit of income tax positions we believe are more likely than not to be disallowed upon challenge by a tax authority. If any tax authority successfully challenges our operational structure, intercompany pricing policies or the taxable presence of our subsidiaries in certain countries, if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings could change substantially.

In certain jurisdictions we have recognized deferred tax assets and liabilities. Judgment and assumptions are required in determining whether deferred tax assets will be fully or partially utilized. When we estimate that all or some portion of certain deferred tax assets such as net operating loss carryforwards will not be utilized, we establish a valuation allowance for the amount we determine to be more likely than not unrealizable. We continually evaluate strategies that could allow for future utilization of our deferred assets. Any change in the ability to utilize such deferred assets will be accounted for in the period of the event affecting the valuation allowance. If facts and circumstances cause us to change our expectations regarding future tax consequences, the resulting adjustments could have a material effect on our financial results or cash flow. At this time, we consider it more likely than not that we will have sufficient taxable income in the future that will allow us to realize the deferred tax assets that we have recognized. However, it is possible that some of our recognized deferred tax assets, relating to net operating loss carryforwards and tax credits, could expire unused or could carryforward indefinitely without utilization. Therefore, unless we are able to generate sufficient taxable income from our component operations, a substantial valuation allowance to reduce our deferred tax assets may be required, which would materially increase our tax expense in the period the allowance is recognized and materially adversely affect our results of operations and statement of financial condition.

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Litigation

Nabors and its subsidiaries are defendants or otherwise involved in a number of lawsuits in the ordinary course of business. We estimate the range of our liability related to pending litigation when we believe the amount and range of loss can be estimated. We record our best estimate of a loss when the loss is considered probable. When a liability is probable and there is a range of estimated loss with no best estimate in the range, we record the minimum estimated liability related to the lawsuits or claims. As additional information becomes available, we assess the potential liability related to our pending litigation and claims and revise our estimates. Due to uncertainties related to the resolution of lawsuits and claims, the ultimate outcome may differ from our estimates. For matters where an unfavorable outcome is reasonably possible and significant, we disclose the nature of the matter and a range of potential exposure, unless an estimate cannot be made at the time of disclosure. In the opinion of management and based on liability accruals provided, our ultimate exposure with respect to these pending lawsuits and claims is not expected to have a material adverse effect on our consolidated financial position or cash flows, although they could have a material adverse effect on our results of operations for a particular reporting period.

In March 2011, the Court of Ouargla entered a judgment of approximately \$21.0 million (at **March 31, 2024** **June 30, 2024** exchange rates) against us relating to alleged violations of Algeria's foreign currency exchange controls, which require that goods and services provided locally be invoiced and paid in local currency. The case relates to certain foreign currency payments made to us by CEPESA, a Spanish operator, for wells drilled in 2006. Approximately \$7.5 million of the total contract amount was paid offshore in foreign currency, and approximately \$3.2 million was paid in local currency. The judgment includes fines and penalties of approximately four times the amount at issue. We have appealed the ruling based on our understanding that the law in question applies only to resident entities incorporated under Algerian law. An intermediate court of appeals upheld the lower court's ruling, and we appealed the matter to the Supreme Court. On September 25, 2014, the Supreme Court overturned the verdict against us, and the case was reheard by the Ouargla Court of Appeals on March 22, 2015 in light of the Supreme Court's opinion. On March 29, 2015, the Ouargla Court of Appeals reinstated the initial judgment against us. We appealed this decision again to the Supreme Court, which again overturned the appeals court's decision. The case was moved back to the court of appeals, which, once again, reinstated the verdict, failing to abide by the Supreme Court's ruling. Accordingly, we are appealing once more to the Supreme Court to try to get a final ruling on the matter. While our payments were consistent with our historical operations in the country, and, we believe, those of other multinational corporations there, as well as interpretations of the law by the Central Bank of Algeria, the ultimate resolution of this matter could result in a loss of up to \$13.0 million in excess of amounts accrued.

Off-Balance Sheet Arrangements (Including Guarantees)

We are a party to some transactions, agreements or other contractual arrangements defined as "off-balance sheet arrangements" that could have a material future effect on our financial position, results of operations, liquidity and capital resources. The most significant of these off-balance sheet arrangements include the A/R Facility (see Note 4—Accounts Receivable Purchase and Sales Agreements) and certain agreements and obligations under which we provide financial or performance assurance to third parties. Certain of these financial or performance assurances serve as guarantees, including standby letters of credit issued on behalf of insurance carriers in conjunction with our workers' compensation insurance program and other financial surety instruments such as bonds. In addition, we have provided indemnifications, which serve as guarantees, to some third parties. These guarantees include indemnification provided by Nabors to our share transfer agent and our insurance carriers. We are not able to estimate the potential future maximum payments that might be due under our indemnification guarantees.

Management believes the likelihood that we would be required to perform or otherwise incur any material losses associated with any of these guarantees is remote. The following table summarizes the total maximum amount of financial guarantees issued by Nabors:

Maximum Amount					Maximum Amount				
2024	2025	2026	Thereafter	Total	2024	2025	2026	Thereafter	Total

	(In thousands)					(In thousands)				
Financial standby letters of credit and other financial surety instruments	\$ 28,248	871	9,057	4,324	\$ 42,500	\$12,594	16,259	9,732	4,300	\$42,885

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Note 9 Earnings (Losses) Per Share

ASC 260, Earnings per Share, requires companies to treat unvested share-based payment awards that have nonforfeitable rights to dividends or dividend equivalents as a separate class of securities in calculating earnings (losses) per share. We have granted and expect to continue to grant to employees restricted stock grants that contain nonforfeitable rights to dividends. Such grants are considered participating securities under ASC 260. As such, we are required to include these grants in the calculation of our basic earnings (losses) per share and calculate basic earnings (losses) per share using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings. The participating security holders are not contractually obligated to share in losses. Therefore, losses are not allocated to the participating security holders.

Basic earnings (losses) per share is computed utilizing the two-class method and is calculated based on the weighted-average number of common shares outstanding during the periods presented.

Diluted earnings (losses) per share is computed using the weighted-average number of common and common equivalent shares outstanding during the periods utilizing the two-class method for stock options and unvested restricted shares and the if-converted method for the 1.75% senior exchangeable notes due June 2029 as the instrument contains a provision for share settlement.

A reconciliation of the numerators and denominators of the basic and diluted earnings (losses) per share computations is as follows:

	Three Months Ended		Three Months Ended		Six Months Ended	
	March 31,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023

	(In thousands, except per share amounts)		(In thousands, except per share amounts)			
BASIC EPS:						
Net income (loss) (numerator):						
Income (loss), net of tax	\$ (9,002)	\$ 61,060	\$(13,029)	\$ 16,231	\$(22,031)	\$ 77,291
Less: net (income) loss attributable to noncontrolling interest	(25,331)	(11,836)	(19,226)	(11,620)	(44,557)	(23,456)
Less: accrued distribution on redeemable noncontrolling interest in subsidiary	(7,283)	(7,354)	(7,283)	(7,436)	(14,566)	(14,790)
Less: distributed and undistributed earnings allocated to unvested shareholders	—	(1,702)	—	—	—	(1,869)
Numerator for basic earnings per share:						
Adjusted income (loss), net of tax - basic	\$ (41,616)	\$ 40,168	\$(39,538)	\$ (2,825)	\$(81,154)	\$ 37,176
Weighted-average number of shares outstanding - basic	9,176	9,160	9,207	9,195	9,191	9,178

Earnings (losses) per share:							
Total Basic	\$	(4.54)	\$	4.39	\$	(4.29)	\$ (0.31) \$ (8.83) \$ 4.05
DILUTED EPS:							
Adjusted income (loss) from continuing operations, net of tax - basic	\$	(41,616)	\$	40,168	\$(39,538)	\$ (2,825)	\$(81,154) \$ 37,176
Add: after tax interest expense of convertible notes		—		424	—	—	— 1,272
Add: effect of reallocating undistributed earnings of unvested shareholders		—		9	—	—	— 10
Adjusted income (loss), net of tax - diluted	\$	(41,616)	\$	40,601	\$(39,538)	\$ (2,825)	\$(81,154) \$ 38,458
Weighted-average number of shares outstanding - basic		9,176		9,160	9,207	9,195	9,191 9,178
Add: if converted dilutive effect of convertible notes		—		659	—	—	— 918
Add: dilutive effect of potential common shares		—		48	—	—	— 45
Weighted-average number of shares outstanding - diluted		9,176		9,867	9,207	9,195	9,191 10,141
Earnings (losses) per share:							
Total Diluted	\$	(4.54)	\$	4.11	\$ (4.29)	\$ (0.31)	\$ (8.83) \$ 3.79

For all periods presented, the computation of diluted earnings (losses) per share excludes shares related to outstanding stock options with exercise prices greater than the average market price of Nabors' common shares and shares related to the outstanding Warrants when their exercise price or exchange price is higher than the average market price of Nabors' common shares, because their inclusion would be anti-dilutive and because they are not considered participating securities.

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In any period during which the average market price of Nabors' common shares exceeds the exercise prices of the stock options, such stock options or warrants will be included in our diluted earnings (losses) per share computation

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using the if-converted method of accounting. Restricted stock is included in our basic and diluted earnings (losses) per share computation using the two-class method of accounting in all periods because such stock is considered participating securities. For periods in which we experience a net loss, all potential common shares have been excluded from the calculation of weighted-average shares outstanding, because their inclusion would be anti-dilutive.

The average number of shares from options and shares related to outstanding Warrants that were excluded from diluted earnings (losses) per share that would potentially dilute earnings per share in the future were as follows (in thousands):

	Three Months Ended		Three Months Ended		Six Months Ended	
	March 31,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023
Potentially dilutive securities excluded as anti-dilutive	3,382	3,378	3,404	3,401	3,393	3,390

Note 10 Supplemental Balance Sheet and Income Statement Information

		December 31, 2023	
March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023

Investment income (loss) includes the following:

Three Months Ended		Three Months Ended		Six Months Ended	
March 31,		June 30,		June 30,	
2024	2023	2024	2023	2024	2023

	(In thousands)					
	(In thousands)					
Interest and dividend income	\$ 10,192	\$ 9,514	\$8,595	\$11,019	\$18,787	\$20,532
Gains (losses) on marketable securities	9	352	(414)	724	(405)	1,077
	\$ 10,201	\$ 9,866	\$8,181	\$11,743	\$18,382	\$21,609

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Other, net included the following:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	(In thousands)			
Losses on sales, disposals and involuntary conversions of long-lived assets	\$ 4,939	\$ 592	\$ 9,542	\$ 928
Energy transition initiatives	—	620	308	7,720
Warrant and derivative valuation	(3,915)	(17,901)	(9,594)	(52,215)
Litigation expenses and reserves	1,768	4,552	4,318	7,155
Foreign currency transaction losses	6,500	10,355	17,894	16,809
Loss (gain) on debt buyback	—	(242)	2,576	(25,098)
Other losses (gains)	2,787	249	3,143	551
	<u>\$ 12,079</u>	<u>\$ (1,775)</u>	<u>\$ 28,187</u>	<u>\$ (44,150)</u>

The changes in accumulated other comprehensive income (loss), by component, included the following:

	Gains (losses) on cash flow hedges	Defined benefit pension plan items	Foreign currency items	Total
	(In thousands (1))			
As of January 1, 2023	\$ 2	\$ (3,767)	\$ (7,273)	\$ (11,038)
Other comprehensive income (loss) before reclassifications	—	—	668	668
Amounts reclassified from accumulated other comprehensive income (loss)	—	80	—	80
Net other comprehensive income (loss)	—	80	668	748
As of June 30, 2023	<u>\$ 2</u>	<u>\$ (3,687)</u>	<u>\$ (6,605)</u>	<u>\$ (10,290)</u>

(1) All amounts are net of tax.

	Gains (losses) on cash flow hedges	Defined benefit pension plan items	Foreign currency items	Total
	(In thousands (1))			
As of January 1, 2024	\$ 2	\$ (3,606)	\$ (7,228)	\$ (10,832)
Other comprehensive income (loss) before reclassifications	—	—	(181)	(181)
Amounts reclassified from accumulated other comprehensive income (loss)	—	81	—	81
Net other comprehensive income (loss)	—	81	(181)	(100)
As of June 30, 2024	<u>\$ 2</u>	<u>\$ (3,525)</u>	<u>\$ (7,409)</u>	<u>\$ (10,932)</u>

(1) All amounts are net of tax.

The line items that were reclassified to net income included the following:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	(In thousands)			

General and administrative expenses	\$ 52	\$ 52	\$ 105	\$ 104
Total income (loss) before income tax	(52)	(52)	(105)	(104)
Tax expense (benefit)	(12)	(12)	(24)	(24)
Reclassification adjustment for (gains)/ losses included in net income (loss)	\$ (40)	\$ (40)	\$ (81)	\$ (80)

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Other, net included the following:

	Three Months Ended	
	March 31,	
	2024	2023
	(In thousands)	
Losses on sales, disposals and involuntary conversions of long-lived assets	\$ 4,603	\$ 336
Energy transition initiatives	308	7,100
Warrant and derivative valuation	(5,679)	(34,314)
Litigation expenses and reserves	2,550	2,603
Foreign currency transaction losses	11,394	6,454
Loss (gain) on debt buyback	2,576	(24,856)
Other losses (gains)	356	302
	<u>\$ 16,108</u>	<u>\$ (42,375)</u>

The changes in accumulated other comprehensive income (loss), by component, included the following:

	Gains (losses) on cash flow hedges	Defined benefit pension plan items	Foreign currency items	Total
	(In thousands (1))			
As of January 1, 2023	\$ 2	\$ (3,767)	\$ (7,273)	\$ (11,038)
Other comprehensive income (loss) before reclassifications	—	—	58	58
Amounts reclassified from accumulated other comprehensive income (loss)	—	40	—	40
Net other comprehensive income (loss)	—	40	58	98
As of March 31, 2023	\$ 2	\$ (3,727)	\$ (7,215)	\$ (10,940)

(1) All amounts are net of tax.

	Gains (losses) on cash flow hedges	Defined benefit pension plan items	Foreign currency items	Total
	(In thousands (1))			
As of January 1, 2024	\$ 2	\$ (3,606)	\$ (7,228)	\$ (10,832)
Other comprehensive income (loss) before reclassifications	—	—	(134)	(134)

Amounts reclassified from accumulated other comprehensive income (loss)	—	41	—	41
Net other comprehensive income (loss)	—	41	(134)	(93)
As of March 31, 2024	\$ 2	\$ (3,565)	\$ (7,362)	\$ (10,925)

(1) All amounts are net of tax.

The line items that were reclassified to net income included the following:

	Three Months Ended	
	March 31,	
	2024	2023
	(In thousands)	
General and administrative expenses	\$ 53	\$ 52
Total income (loss) before income tax	(53)	(52)
Tax expense (benefit)	(12)	(12)
Reclassification adjustment for (gains)/ losses included in net income (loss)	\$ (41)	\$ (40)

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Note 11 Segment Information

The following table sets forth financial information with respect to our reportable operating segments:

	Three Months Ended		Three Months Ended		Six Months Ended	
	March 31,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023

	(In thousands)		(In thousands)			
Operating revenues:						
U.S. Drilling	\$ 271,989	\$ 350,652	\$259,723	\$314,830	\$ 531,712	\$ 665,482
International Drilling	349,359	320,048	356,733	337,650	706,092	657,698
Drilling Solutions	75,574	75,043	82,961	76,855	158,535	151,898
Rig Technologies	50,156	58,479	49,546	63,565	99,702	122,044
Other reconciling items (1)	(13,374)	(25,083)	(14,165)	(25,833)	(27,539)	(50,916)
Total	\$ 733,704	\$ 779,139	\$734,798	\$767,067	\$1,468,502	\$1,546,206

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023

	(In thousands)		(In thousands)			
Adjusted operating income (loss): (2)						
U.S. Drilling	\$ 50,529	\$ 85,869	\$ 45,085	\$ 75,408	\$ 95,614	\$161,277
International Drilling	22,476	1,957	23,672	10,407	46,148	12,364
Drilling Solutions	26,893	27,138	27,319	28,351	54,212	55,489
Rig Technologies	4,209	3,694	4,860	5,052	9,069	8,746
Total segment adjusted operating income (loss)	\$ 104,107	\$ 118,658	\$100,936	\$119,218	\$205,043	\$237,876

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023

	(In thousands)		(In thousands)			
Reconciliation of segment adjusted operating income (loss) to net income (loss):						
Net income (loss)	\$ (9,002)	\$ 61,060	\$ (13,029)	\$ 16,231	\$ (22,031)	\$ 77,291
Income tax expense (benefit)	16,044	23,015	15,554	26,448	31,598	49,463
Income (loss) before income taxes	7,042	\$ 84,075	2,525	42,679	9,567	126,754
Investment (income) loss	(10,201)	(9,866)	(8,181)	(11,743)	(18,382)	(21,609)
Interest expense	50,379	45,141	51,493	46,164	101,872	91,305
Other, net	16,108	(42,375)	12,079	(1,775)	28,187	(44,150)
Other reconciling items (3)	40,779	41,683	43,020	43,893	83,799	85,576
Total segment adjusted operating income (loss) (2)	\$ 104,107	\$ 118,658	\$100,936	\$119,218	\$205,043	\$237,876

March 31,	December 31,	June 30,	December 31,
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2024	2023	2024	2023
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	(In thousands)		(In thousands)	
Total assets:				
U.S. Drilling	\$ 1,192,528	\$ 1,239,765	\$1,157,427	\$1,239,765
International Drilling	2,280,486	2,227,308	2,299,431	2,227,308
Drilling Solutions	78,278	78,472	78,696	78,472
Rig Technologies	235,320	239,167	225,384	239,167
Other reconciling items (3)	858,360	1,493,253	854,755	1,493,253
Total	\$ 4,644,972	\$ 5,277,965	\$4,615,693	\$5,277,965

(1) Represents the elimination of inter-segment transactions related to our Rig Technologies operating segment.

(2) Adjusted operating income (loss) represents income (loss) before income taxes, interest expense, investment income (loss), and other, net. Management evaluates the performance of our operating segments using adjusted operating

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income (loss), which is a segment performance measure, because it believes that this financial measure reflects our ongoing profitability and performance. In addition, securities analysts and investors use this measure as one of the

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metrics on which they analyze our performance. A reconciliation from net income (loss) is provided in the above table.

(3) Represents the elimination of inter-segment transactions and unallocated corporate expenses and assets.

Note 12 Revenue Recognition

We recognize revenue when control of a good or service promised in a contract (i.e., performance obligation) is transferred to a customer. Control is obtained when a customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. Contract drilling revenues are recorded over time utilizing the input method based on time elapsed. The measurement of progress considers the transfer of the service to the customer as we provide daily drilling services. We receive payment after the services have been performed by billing customers periodically (typically monthly). However, a portion of our revenues are recognized at a point-in-time as control is transferred at a distinct point in time such as with the sale of our top drives and other capital equipment. Within our drilling contracts, we have identified one performance obligation in which the transaction price is allocated.

Disaggregation of revenue

In the following table, revenue is disaggregated by geographical region. The table also includes a reconciliation of the disaggregated revenue with the reportable segments:

	Three Months Ended						
	June 30, 2024						
	U.S.	International	Drilling	Rig	Other	Total	
	Drilling	Drilling	Solutions	Technologies			
	(In thousands)						
Lower 48	\$ 220,797	\$ —	\$ 47,434	\$ 22,012	\$ —	\$ 290,243	
U.S. Offshore Gulf of Mexico	28,351	—	2,602	—	—	30,953	
Alaska	10,575	—	674	—	—	11,249	
Canada	—	—	432	1,393	—	1,825	
Middle East & Asia	—	249,291	13,086	19,508	—	281,885	
Latin America	—	87,975	18,339	4,933	—	111,247	
Europe, Africa & CIS	—	19,467	394	1,700	—	21,561	
Eliminations & other	—	—	—	—	(14,165)	(14,165)	
Total	\$ 259,723	\$ 356,733	\$ 82,961	\$ 49,546	\$ (14,165)	\$ 734,798	

Three Months Ended						Six Months Ended					
March 31, 2024						June 30, 2024					
U.S.	International	Drilling	Rig	Other	Total	U.S.	International	Drilling	Rig	Other	Total
Drilling	Drilling	Solutions	Technologies			Drilling	Drilling	Solutions	Technologies		

	(In thousands)						(In thousands)					
Lower 48	\$ 232,124	\$ —	\$ 44,704	\$ 24,060	\$ —	\$ 300,888	\$452,921	\$ —	\$ 92,136	\$ 46,075	\$ —	\$ 591,132
U.S. Offshore Gulf of Mexico	28,694	—	2,857	—	—	31,551	57,045	—	5,459	—	—	62,504
Alaska	11,171	—	681	—	—	11,852	21,746	—	1,355	—	—	23,101
Canada	—	—	434	1,723	—	2,157	—	—	866	3,115	—	3,981
Middle East & Asia	—	251,240	10,955	19,173	—	281,368	—	500,532	24,042	38,679	—	563,253
Latin America	—	84,300	15,715	3,770	—	103,785	—	172,275	34,054	8,703	—	215,032
Europe, Africa & CIS	—	13,819	228	1,430	—	15,477	—	33,285	623	3,130	—	37,038
Eliminations & other	—	—	—	—	(13,374)	(13,374)	—	—	—	—	(27,539)	(27,539)
Total	\$ 271,989	\$ 349,359	\$ 75,574	\$ 50,156	\$ (13,374)	\$ 733,704	\$531,712	\$ 706,092	\$ 158,535	\$ 99,702	\$ (27,539)	\$1,468,502

Three Months Ended						
March 31, 2023						
	U.S.	International	Drilling	Rig		
	Drilling	Drilling	Solutions	Technologies	Other	Total
(In thousands)						
Lower 48	\$ 306,118	\$ —	\$ 51,782	\$ 32,959	\$ —	\$ 390,859
U.S. Offshore Gulf of Mexico	31,659	—	2,833	—	—	34,492
Alaska	12,875	—	451	—	—	13,326
Canada	—	—	358	1,869	—	2,227
Middle East & Asia	—	222,952	10,268	17,729	—	250,949
Latin America	—	81,052	9,071	2,314	—	92,437
Europe, Africa & CIS	—	16,044	280	3,608	—	19,932
Eliminations & other	—	—	—	—	(25,083)	(25,083)
Total	\$ 350,652	\$ 320,048	\$ 75,043	\$ 58,479	\$ (25,083)	\$ 779,139

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Three Months Ended						
June 30, 2023						
	U.S.	International	Drilling	Rig		
	Drilling	Drilling	Solutions	Technologies	Other	Total
(In thousands)						
Lower 48	\$ 272,909	\$ —	\$ 51,157	\$ 31,654	\$ —	\$ 355,720
U.S. Offshore Gulf of Mexico	32,316	—	3,123	—	—	35,439
Alaska	9,605	—	531	—	—	10,136
Canada	—	—	312	2,144	—	2,456
Middle East & Asia	—	238,276	11,770	25,032	—	275,078
Latin America	—	83,583	9,490	2,199	—	95,272
Europe, Africa & CIS	—	15,791	472	2,536	—	18,799
Eliminations & other	—	—	—	—	(25,833)	(25,833)
Total	\$ 314,830	\$ 337,650	\$ 76,855	\$ 63,565	\$ (25,833)	\$ 767,067

Six Months Ended						
June 30, 2023						
	U.S.	International	Drilling	Rig		
	Drilling	Drilling	Solutions	Technologies	Other	Total
(In thousands)						
Lower 48	\$ 579,027	\$ —	\$ 102,941	\$ 64,615	\$ —	\$ 746,583
U.S. Offshore Gulf of Mexico	63,976	—	5,956	—	—	69,932
Alaska	22,479	—	981	—	—	23,460
Canada	—	—	670	4,013	—	4,683
Middle East & Asia	—	461,228	22,038	42,758	—	526,024
Latin America	—	164,634	18,560	4,514	—	187,708
Europe, Africa & CIS	—	31,836	752	6,144	—	38,732
Eliminations & other	—	—	—	—	(50,916)	(50,916)
Total	\$ 665,482	\$ 657,698	\$ 151,898	\$ 122,044	\$ (50,916)	\$ 1,546,206

Contract balances

We perform our obligations under a contract with a customer by transferring goods or services in exchange for consideration from the customer. We recognize a contract asset or liability when we transfer goods or services to a customer and bill an amount which differs from the revenue allocated to the related performance obligations.

The timing of revenue recognition may differ from the timing of invoicing to customers and these timing differences result in receivables, contract assets, or contract liabilities (deferred revenue) on our condensed consolidated balance sheet. In general, we receive payments from customers based on dayrates as stipulated in our contracts (e.g., operating

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rate, standby rate, etc.). The invoices billed to the customer are based on the varying rates applicable to the operating status on each rig. Accounts receivable are recorded when the right to consideration becomes unconditional.

Dayrate contracts also may contain fees charged to the customer for up-front rig modifications, mobilization and demobilization of equipment and personnel. These fees are associated with contract fulfillment activities, and the related revenue (subject to any constraint on estimates of variable consideration) is allocated to a single performance obligation and recognized ratably over the initial term of the contract. Mobilization fees are generally billable to the customer in the initial phase of a contract and generate contract liabilities until they are recognized as revenue. Demobilization fees are generally received at the end of the contract and generate contract assets when they are recognized as revenue prior to becoming receivables from the customer.

We receive reimbursements from our customers for the purchase of supplies, equipment, personnel services and other services provided at their request. Reimbursable revenues are variable and subject to uncertainty as the amounts received and timing thereof are dependent on factors outside of our influence. Accordingly, these revenues are constrained and not recognized until the uncertainty is resolved, which typically occurs when the related costs are incurred on behalf of the customer. We are generally considered a principal in these transactions and record the associated revenues at the gross amounts billed to the customer.

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The opening and closing balances of our receivables, contract assets and current and long-term contract liabilities are as follows:

	Contract	Contract	Contract	Contract		Contract	Contract	Contract	Contract
Contract	Assets	Assets	Liabilities	Liabilities	Contract	Assets	Assets	Liabilities	Liabilities
Receivables	(Current)	(Long-term)	(Current)	(Long-term)	Receivables	(Current)	(Long-term)	(Current)	(Long-term)

	(In millions)					(In thousands)				
As of December 31, 2023	\$ 397.1	\$ 8.4	\$ 3.0	\$ 20.3	\$ 2.0	\$397,051	\$ 8,434	\$ 2,980	\$20,295	\$ 1,969
As of March 31, 2024	\$ 467.7	\$ 10.1	\$ 3.8	\$ 23.2	\$ 1.9					
As of June 30, 2024						\$417,937	\$20,149	\$ 3,980	\$17,973	\$ 2,112

Approximately 76% 73% of the contract liability balance at the beginning of the period is expected to be recognized as revenue during 2024, of which 26% 45% was recognized during the three six months ended March 31, 2024 June 30, 2024, and 11% is expected to be recognized during 2025. The remaining 13% 16% of the contract liability balance at the beginning of the period is expected to be recognized as revenue during 2026 or thereafter.

Additionally, 80% of the contract asset balance at the beginning of the period is expected to be recognized as expense during 2024, of which 31% 48% was recognized during the three six months ended March 31, 2024 June 30, 2024, and 13% 12% is expected to be recognized during 2025. The remaining 7% 8% of the contract asset balance at the beginning of the period is expected to be recognized as expense during 2026 or thereafter. This disclosure does not include variable consideration allocated entirely to a wholly unsatisfied performance obligation or promise to transfer a distinct good or service that forms part of a single performance obligation.

Note 13 Special Purpose Acquisition Company

Nabors Energy Transition Corp. II ("NETC II") is our SPAC co-sponsored by Nabors and Greens Road Energy II LLC. Greens Road Energy II LLC is owned by certain members of Nabors' management team and board members. In July 2023, NETC II completed its initial public offering of 30,500,000 units at \$10.00 per unit, generating gross proceeds of approximately \$305.0 million. Simultaneously with the closing of the IPO, NETC II completed the private sale of an aggregate of 9,540,000 warrants for an aggregate value of \$9.5 million and issued unsecured promissory notes for an aggregate amount of \$3.1 million. As part of the initial public offering of NETC II and subsequent private placement warrant transactions, \$308.1 million was deposited in an interest-bearing U.S. based trust account ("Trust Account") on July 18, 2023.

The SPAC's funds held in a Trust Account are invested in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act, which invests only in direct U.S. government treasury obligations. The funds in the Trust Account will only be released to the SPAC upon completion of a business combination or in connection with redemptions of any of the redeemable common shares, except with respect to interest earned on the funds which may be withdrawn to pay the SPAC's taxes.

The company accounts for the non-controlling interest in the SPAC as subject to possible redemption in accordance with FASB ASC Topic 480 "Distinguishing Liabilities from Equity." The SPAC's common stock features certain

redemption rights, which are considered to be outside the company's control and subject to occurrence of uncertain future events. Nabors will recognize any future changes in redemption value immediately as they occur – i.e., adjusting the carrying amount of the instrument to its current redemption amount at each reporting period.

The SPAC is a consolidated VIE included in the accompanying consolidated financial statements under Restricted cash held in trust and Redeemable noncontrolling interest in subsidiary. As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the Trust Account balance and non-controlling interest subject to possible redemption was **\$319.7** **323.3** million and \$315.5 million, respectively. NETC II's non-controlling interest subject to possible redemption is presented at full redemption value as temporary equity, outside of the stockholders' equity section in the accompanying consolidated financial statements.

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The following table summarizes NETC II's effects on changes in non-controlling interest subject to possible redemption.

	2024
	(In thousands)
Balance, beginning of year	\$ 315,488
Net earnings	4,242
Balance as of March 31	\$ 319,730

	2024
	(In thousands)
Balance, beginning of year	\$ 315,488
Net earnings	7,774
Balance as of June 30	\$ 323,262

Note 14 Subsequent Event

Effective May 3, 2024, Nabors Energy Transition Solutions LLC, a Texas limited liability company and wholly owned subsidiary of Nabors ("Nabors Energy") transferred certain non-revenue producing energy transition assets to Hexegen LLC, a newly formed Delaware limited liability company. Remington Energy I, LLC, a Texas limited liability company owned and managed by Mr. Petrello ("Remington") is also a member of and invested in Hexegen with seed capital and industry expertise. Hexegen plans to grow and scale an energy transition business using its members' contributions. The arrangement provides for profit sharing among its members Nabors Energy and Remington if certain hurdles are overcome and milestones are met and, at the highest level, would provide for a 90:10 split of profits above a defined threshold.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We often discuss expectations regarding our future markets, demand for our products and services, and our performance in our annual, quarterly and current reports, press releases, and other written and oral statements. Statements relating 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 of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These "forward-looking statements" are based on an analysis of currently available competitive, financial and economic data and our operating plans. 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," "predict" and similar expressions are intended to identify forward-looking statements.

You should consider the following key factors when evaluating these forward-looking statements:

- geopolitical events, pandemics (including COVID-19) and other macro-events and their respective and collective impact on our operations as well as oil and gas markets and prices;
- fluctuations and volatility in worldwide prices of and demand for oil and natural gas;
- fluctuations in levels of oil and natural gas exploration and development activities;
- fluctuations in the demand for our services;

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- competitive and technological changes and other developments in the oil and gas and oilfield services industries;
- our ability to renew customer contracts in order to maintain competitiveness;
- the existence of operating risks inherent in the oil and gas and oilfield services industries;
- the possibility of the loss of one or a number of our large customers;
- the amount and nature of our future capital expenditures and how we expect to fund our capital expenditures;
- the occurrence of cybersecurity incidents, attacks or other breaches to our information technology systems;
- the impact of long-term indebtedness and other financial commitments on our financial and operating flexibility;
- our access to, and the cost of, capital, including the impact of a downgrade in our credit rating, covenant restrictions, availability under our secured revolving credit facility, future issuances of debt or equity securities and the global interest rate environment;
- our dependence on our operating subsidiaries and investments to meet our financial obligations;
- our ability to retain skilled employees;
- our ability to complete, and realize the expected benefits of, strategic transactions;

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- changes in tax laws and the possibility of changes in other laws and regulations;
- the possibility of political or economic instability, civil disturbance, war or acts of terrorism in any of the countries in which we do business;
- global views on and the regulatory environment related to energy transition and our ability to implement our energy transition initiatives;
- potential long-lived asset impairments;

- the possibility of changes to U.S. trade policies and regulations including the imposition of trade embargoes, sanctions or tariffs; and
- general economic conditions, including the capital and credit markets.

Our business depends, to a large degree, on the level of spending by oil and gas companies for exploration, development and production activities. Therefore, a sustained increase or decrease in the price of oil or natural gas, that has a material impact on exploration, development and production activities, could also materially affect our financial position, results of operations and cash flows.

The above description of risks and uncertainties is by no means all-inclusive but highlights certain factors that we believe are important for your consideration. For a more detailed description of risk factors that may affect us or our industry, please refer to Item 1A. — *Risk Factors* in our 2023 Annual Report.

Management Overview

This section is intended to help you understand our results of operations and our financial condition. This information is provided as a supplement to, and should be read in conjunction with, our condensed consolidated financial statements and the accompanying notes thereto.

We are a leading provider of advanced technology for the energy industry. With operations in over 15 countries, Nabors has established a global network of people, technology and equipment to deploy solutions that deliver safe,

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efficient and sustainable energy production. By leveraging its core competencies, particularly in drilling, engineering, automation, data science and manufacturing, Nabors aims to innovate the future of energy and enable the transition to a lower carbon world.

Outlook

The demand for our services and products is a function of the level of spending by oil and gas companies for exploration, development and production activities. The level of exploration, development and production activities is to a large extent tied to the prices of oil and natural gas, which can fluctuate significantly, are highly volatile and tend to be highly sensitive to factors including supply and demand cycles and geopolitical uncertainties particularly those impacting large hydrocarbon producing countries. Additionally, certain Certain oil and gas companies may also intentionally limit their capital spending as they focus on generating returns to shareholders as opposed to maximizing hydrocarbon production. Additionally, there has recently been an increasing number of customer consolidations within the industry. In some cases, these transactions may have an impact on overall rig demand, as the acquiring company may apply criteria that results in a different level of demand for drilling rigs than the previous two companies would have had on a stand-alone basis.

Since late 2022 and continuing through 2023, the second quarter of 2024, global energy commodity markets have experienced high levels of volatility. In the U.S., operators generally reacted to this these market conditions by reducing their drilling activity. Recent production actions announced by certain large international oil producers have been supportive of both oil prices and oil-focused activity broadly, especially in international markets. Natural gas prices, particularly in the United States, declined significantly through 2023 and into 2024. 2024, to levels which have caused operators to reduce natural gas directed activity.

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In early 2023 economic sentiment was overshadowed by a pervasive concern that a global recession would take hold. The U.S. Federal Reserve's tightening of interest rates reduced capital availability in the U.S. energy market. **Rig** As these higher interest rates continued, rig counts in the U.S. Lower 48 continued to decline throughout the year. Despite the reduction in rig count, rig pricing discipline remained intact, supporting rig dayrates and daily rig margins.

U.S. oil and gas production has proved resilient in 2024 in the face of reduced drilling activity. Internationally, we generally see an expansion of production capacity as well as the widespread development of unconventional resources driving an expected increase in oilfield activity broadly across those markets.

Recent Developments

2024 Credit Agreement

On June 17, 2024, Nabors Delaware amended and restated its credit agreement (the "2024 Credit Agreement"). Under the 2024 Credit Agreement, the lenders have committed to provide to Nabors Delaware up to \$350.0 million in revolving loans, and the issuing banks have committed to provide a standalone letter of credit tranche that permits Nabors Delaware to issue reimbursement obligations under letters of credit in an aggregate principal amount not in excess of \$125.0 million. Letters of credit issued will not affect revolving loan capacity and vice versa. The 2024 Credit Agreement contains a \$200.0 million uncommitted accordion feature that can be applied to increase the commitments under either the revolving loans or the letter of credit tranche, or both. The facility matures on the earlier of (a) June 17, 2029 and (b) to the extent 10% or more of the respective principal amount of any of the 7.25% Senior Guaranteed Notes due January 2026, 7.375% Senior Priority Guaranteed Notes due May 2027 or 7.50% Senior Guaranteed Notes due January 2028 or 50% or more of the principal amount of the 1.75% Senior Exchangeable Notes due June 2029 remains outstanding on the date that is 90 days prior to the applicable maturity date for such indebtedness, then such 90th day.

8.875% Senior Guaranteed Notes due August 2031

On July 22, 2024, Nabors issued \$550.0 million in aggregate principal amount of 8.875% senior guaranteed notes, which are fully and unconditionally guaranteed by Nabors and certain of Nabors' indirect wholly-owned subsidiaries. Interest on the notes is payable on February 15 and August 15 of each year. The notes have a maturity date of August 15, 2031. Nabors intends to use the net proceeds, along with cash on hand, to redeem all of its 7.25% senior guaranteed notes due January 2026.

Comparison of the three months ended March 31, 2024 June 30, 2024 and 2023

Operating revenues for the three months ended March 31, 2024 June 30, 2024 totaled \$733.7 million \$734.8 million, representing a decrease of \$45.4 million \$32.3 million, or 6% 4%, compared to the three months ended March 31, 2023 June 30, 2023. For a more detailed description of operating results, see Segment Results of Operations below.

Net loss attributable to Nabors totaled \$34.3 million \$32.3 million (\$4.54 4.29 loss per diluted share) for the three months ended March 31, 2024 June 30, 2024 compared to a net income attributable to Nabors of \$49.2 million \$4.6 million (\$4.11 0.31 loss per diluted share) for the three months ended March 31, 2023 June 30, 2023, or a \$83.6 million \$36.9 million decrease in net income. The decrease in net income is attributable to a decline in U.S. activity which has resulted in a decrease of approximately \$14.6 million \$18.3 million in adjusted operating income for our segments from the prior year. In addition, gains related to mark-to-market activity for the common share warrants and debt buybacks loss during the three months ended March 31, 2024 June 30, 2024 contributed approximately \$3.1 million \$3.9 million to net income compared to gains of \$59.2 million \$17.9 million related to mark-to-market activity for the common share warrants during the three months ended March 31, 2023 June 30, 2023, contributing \$56.1 million \$14.0 million to the decrease. decrease in period over period net income. See Other Financial Information —Other, net below for additional discussion.

General and administrative expenses for the three months ended March 31, 2024 June 30, 2024 totaled \$61.8 million \$62.2 million, representing a minimal increase decrease of \$21 thousand \$1.1 million compared to the three months ended March 31, 2023 June 30, 2023 as general operating costs remained consistent with prior year.

Research and engineering expenses for the three months ended March 31, 2024 June 30, 2024 totaled \$13.9 million \$14.4 million, representing a decrease an increase of \$1.2 million \$1.1 million, or 8%, compared to the three months ended March 31, 2023 June 30, 2023. This is primarily reflective of a decrease an increase in research and development activities due to current industry market conditions.

Depreciation and amortization expense for the three months ended March 31, 2024 was \$157.7 million, representing a decrease of \$5.3 million, or 3%, compared to the three months ended March 31, 2023. The decrease is a result of the limited capital expenditures over recent years coupled with a higher amount of older assets reaching the end of their useful lives, activities.

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Depreciation and amortization expense for the three months ended June 30, 2024 was \$160.1 million, representing a minimal increase of \$0.4 million compared to the three months ended June 30, 2023 as a result of capital expenditures over the last year.

Segment Results of Operations

The following tables set forth certain information with respect to our reportable segments and rig activity:

	Three Months Ended			Three Months Ended		
	March 31,			June 30,		
	2024	2023	Increase/(Decrease)	2024	2023	Increase/(Decrease)

	(In thousands, except percentages and rig activity)				(In thousands, except percentages and rig activity)			
U.S. Drilling								
Operating revenues	\$ 271,989	\$ 350,652	\$ (78,663)	(22)%	\$ 259,723	\$ 314,830	\$ (55,107)	(18)%
Adjusted operating income (loss) (1)	\$ 50,529	\$ 85,869	\$ (35,340)	(41)%	\$ 45,085	\$ 75,408	\$ (30,323)	(40)%
Average rigs working (2)	78.7	100.3	(21.6)	(22)%	75.0	88.6	(13.6)	(15)%
International Drilling								
Operating revenues	\$ 349,359	\$ 320,048	\$ 29,311	9 %	\$ 356,733	\$ 337,650	\$ 19,083	6 %
Adjusted operating income (loss) (1)	\$ 22,476	\$ 1,957	\$ 20,519	n/m (3)	\$ 23,672	\$ 10,407	\$ 13,265	127 %
Average rigs working (2)	81.0	76.4	4.6	6 %	84.4	77.1	7.3	9 %
Drilling Solutions								
Operating revenues	\$ 75,574	\$ 75,043	\$ 531	1 %	\$ 82,961	\$ 76,855	\$ 6,106	8 %
Adjusted operating income (loss) (1)	\$ 26,893	\$ 27,138	\$ (245)	(1)%	\$ 27,319	\$ 28,351	\$ (1,032)	(4)%
Rig Technologies								

Operating revenues	\$ 50,156	\$ 58,479	\$ (8,323)	(14)%	\$ 49,546	\$ 63,565	\$ (14,019)	(22)%
Adjusted operating income (loss) (1)	\$ 4,209	\$ 3,694	\$ 515	14 %	\$ 4,860	\$ 5,052	\$ (192)	(4)%

- (1) Adjusted operating income (loss) is our measure of segment profit and loss. See Note 11—Segment Information to the consolidated financial statements included in Item 1 of the report.
- (2) Represents a measure of the average number of rigs operating during a given period. For example, one rig operating 45 days during a quarter represents approximately 0.5 average rigs working for the quarter. On an annual period, one rig operating 182.5 days represents approximately 0.5 average rigs working for the year.

(3) The percentage is so large that it is not meaningful.

U.S. Drilling

Operating revenues for our U.S. Drilling segment decreased by \$78.7 million \$55.1 million or 22% 18% during the three months ended March 31, 2024 June 30, 2024 compared to the corresponding prior year period primarily due to a decrease in activity as reflected by a 22% 15% decrease in the average number of rigs working, while pricing remained stable.

International Drilling

Operating revenues for our International Drilling segment during the three months ended March 31, 2024 June 30, 2024 increased by \$29.3 million \$19.1 million or 9% 6% compared to the corresponding prior year period. The increase is primarily attributable to a 6% 9% increase in the average rigs working, reflecting increased drilling activity as market conditions and demand for our international drilling services have increased since the prior year.

Drilling Solutions

Operating revenues for this segment increased by \$0.5 million \$6.1 million or 1% 8% during the three months ended March 31, 2024 June 30, 2024 compared to the corresponding prior year period in 2023 as an increase in demand for our international and third-party services offset a decline in results in the U.S. markets, which was driven by the reduction in drilling activity.

Rig Technologies

Operating revenues for our Rig Technologies segment decreased by \$8.3 million \$14.0 million or 14% 22% during the three months ended March 31, 2024 June 30, 2024 compared to the corresponding prior year period due to the overall decline in activity in the U.S. as

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mentioned previously. Adjusted operating income was relatively flat despite the 14% 22% drop in operating revenues, due to a change in mix of business to focusing more on the higher margin product lines.

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Other Financial Information

Interest expense

Interest expense for the three months ended March 31, 2024 June 30, 2024 was \$50.4 million \$51.5 million, representing an increase of \$5.2 million \$5.3 million, or 12%, compared to three months ended March 31, 2023 June 30, 2023. The increase was primarily due to an increase in our effective interest rate levels on our outstanding debt throughout the three months ended March 31, 2024 June 30, 2024 as compared to the three months ended March 31, 2023 June 30, 2023.

Other, net

Other, net for the three months ended March 31, 2024 June 30, 2024 was a loss of \$16.1 million \$12.1 million compared to \$42.4 million \$1.8 million gain for the three months ended March 31, 2023 June 30, 2023 representing a \$58.5 million \$13.9 million decrease in income. During the three months ended March 31, 2024 June 30, 2024, the amount consisted of \$11.4 million \$6.5 million in foreign currency transaction losses, \$4.6 million \$4.9 million in loss on sales of assets \$2.6 million and \$1.8 million from increases in litigation reserves and \$2.6 million of loss recognized for debt buybacks which was offset by \$5.7 million \$3.9 million of mark-to-market gains on the common share warrants. In comparison, the amount during the three months ended March 31, 2023 June 30, 2023 primarily consisted of \$34.3 million \$17.9 million mark-to-market gains for the common share warrants and \$24.9 million related to net gains on debt buybacks offset by \$7.1 million \$10.4 million in costs related to energy transition initiatives, foreign currency transaction losses and \$4.6 million in litigation expenses.

Income tax

Our worldwide tax expense for the three months ended March 31, 2024 June 30, 2024 was \$16.0 million \$15.6 million compared to \$23.0 million \$26.4 million for the three months ended March 31, 2023 June 30, 2023. The decrease in tax expense was primarily attributable to the change in amount and geographic mix of our pre-tax earnings (losses).

The Organization Economic Co-operation and Development ("OECD") introduced Base Erosion and Profit Shifting ("BEPS") Pillar 2 rules that impose a global minimum tax rate of 15%. Several legal entities in the Nabors' group have enacted Pillar 2 legislation effective January 1, 2024. The enactment of this legislation results in application of the global minimum tax to certain of our legal entities and their subsidiaries. The enactment of Pillar 2 didn't have a material impact to our worldwide tax expense for the three months ended March 31, 2024 June 30, 2024.

Comparison of the six months ended June 30, 2024 and 2023

Operating revenues for the six months ended June 30, 2024 totaled \$1.5 billion, representing a decrease of \$77.7 million, or 5%, compared to the six months ended June 30, 2023. For a more detailed description of operating results, see Segment Results of Operations below.

Net loss attributable to Nabors totaled \$66.6 million (\$8.83 loss per diluted share) for the six months ended June 30, 2024 compared to a net income attributable to Nabors of \$53.8 million (\$3.79 per diluted share) for the six months ended June 30, 2023, or a \$120.4 million decrease in net income. The decrease in net income is attributable to a decline in U.S. activity which has resulted in a decrease of approximately \$32.8 million in adjusted operating income for our segments from the prior year. In addition, gains related to mark-to-market activity for the common share warrants and debt buybacks loss during the six months ended June 30, 2024 contributed approximately \$7.0 million to net income compared to gains related to mark-to-market activity for the common share warrants and debt buybacks of \$77.3 million during the six months ended June 30, 2023, contributing \$70.3 million to the decrease in period over period net income. See Other Financial Information —Other, net below for additional discussion.

General and administrative expenses for the six months ended June 30, 2024 totaled \$123.9 million, representing a minimal decrease of \$1.1 million compared to the six months ended June 30, 2023 as general operating costs remained consistent with prior year.

Depreciation and amortization expense for the six months ended June 30, 2024 was \$317.8 million, representing a decrease of \$4.9 million, or 2%, compared to the six months ended June 30, 2023. The decrease is a result of the limited capital expenditures over recent years coupled with a higher amount of older assets reaching the end of their useful lives.

Segment Results of Operations

The following tables set forth certain information with respect to our reportable segments and rig activity:

		Six Months Ended						
		June 30,						
		2024		2023				
		Increase/(Decrease)						
		(In thousands, except percentages and rig activity)						
U.S. Drilling								
Operating revenues		\$	531,712	\$	665,482	\$	(133,770)	(20)%
Adjusted operating income (loss) (1)		\$	95,614	\$	161,277	\$	(65,663)	(41)%
Average rigs working (2)			76.8		94.4		(17.6)	(19)%
International Drilling								
Operating revenues		\$	706,092	\$	657,698	\$	48,394	7 %
Adjusted operating income (loss) (1)		\$	46,148	\$	12,364	\$	33,784	273 %
Average rigs working (2)			82.7		76.8		5.9	8 %
Drilling Solutions								
Operating revenues		\$	158,535	\$	151,898	\$	6,637	4 %
Adjusted operating income (loss) (1)		\$	54,212	\$	55,489	\$	(1,277)	(2)%
Rig Technologies								
Operating revenues		\$	99,702	\$	122,044	\$	(22,342)	(18)%
Adjusted operating income (loss) (1)		\$	9,069	\$	8,746	\$	323	4 %

(1) Adjusted operating income (loss) is our measure of segment profit and loss. See Note 11—Segment Information to the consolidated financial statements included in Item 1 of the report.

(2) Represents a measure of the average number of rigs operating during a given period. For example, one rig operating 45 days during a quarter represents approximately 0.5 average rigs working for the quarter. On an annual period, one rig operating 182.5 days represents approximately 0.5 average rigs working for the year.

U.S. Drilling

Operating revenues for our U.S. Drilling segment decreased by \$133.8 million or 20% during the six months ended June 30, 2024 compared to the corresponding prior year period primarily due to a decrease in activity as reflected by a 19% decrease in the average number of rigs working, while pricing remained stable.

International Drilling

Operating revenues for our International Drilling segment during the six months ended June 30, 2024 increased by \$48.4 million or 7% compared to the corresponding prior year period. The increase is primarily attributable to an 8% increase in the average rigs working, reflecting increased drilling activity as market conditions and demand for our international drilling services have increased since the prior year.

Drilling Solutions

Operating revenues for this segment increased by \$6.6 million or 4% during the six months ended June 30, 2024 compared to the corresponding prior year period in 2023 as an increase in demand for our international and third-party services offset a decline in results in the U.S. markets, which was driven by the reduction in drilling activity.

Rig Technologies

Operating revenues for our Rig Technologies segment decreased by \$22.3 million or 18% during the six months ended June 30, 2024 compared to the corresponding prior year period due to the overall decline in activity in the U.S. as mentioned previously. Adjusted operating income was relatively flat despite the 18% drop in operating revenues, due to a change in mix of business focusing more on the higher margin product lines.

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Other Financial Information

Interest expense

Interest expense for the six months ended June 30, 2024 was \$101.9 million, representing an increase of \$10.6 million, or 12%, compared to six months ended June 30, 2023. The increase was primarily due to an increase in our effective interest rate levels on our outstanding debt throughout the six months ended June 30, 2024 as compared to the six months ended June 30, 2023.

Other, net

Other, net for the six months ended June 30, 2024 was a loss of \$28.2 million compared to \$44.2 million gain for the six months ended June 30, 2023 representing a \$72.3 million decrease in income. During the six months ended June 30, 2024, the amount consisted of \$17.9 million in foreign currency transaction losses, \$9.5 million in loss on sales of assets, \$4.3 million from increases in litigation reserves and \$2.6 million of loss recognized for debt buybacks which was offset by \$9.6 million of mark-to-market gains on the common share warrants. In comparison, the amount during the six months ended June 30, 2023 primarily consisted of \$52.2 million mark-to-market gains for the common share warrants and \$25.1 million related to net gains on debt buybacks offset by \$16.8 million in foreign currency transaction losses, \$7.7 million in costs related to energy transition initiatives and \$7.2 million in litigation expenses.

Income tax

Our worldwide tax expense for the six months ended June 30, 2024 was \$31.6 million compared to \$49.5 million for the six months ended June 30, 2023. The decrease in tax expense was primarily attributable to the change in amount and geographic mix of our pre-tax earnings (losses).

The Organization Economic Co-operation and Development ("OECD") introduced Base Erosion and Profit Shifting ("BEPS") Pillar 2 rules that impose a global minimum tax rate of 15%. Several legal entities in the Nabors' group have enacted Pillar 2 legislation effective January 1, 2024. The enactment of this legislation results in application of the global minimum tax to certain of our legal entities and their subsidiaries. The enactment of Pillar 2 didn't have a material impact to our worldwide tax expense for the six months ended June 30, 2024.

Liquidity and Capital Resources

Financial Condition and Sources of Liquidity

Our primary sources of liquidity are cash and investments, availability under the 2022 2024 Credit Agreement and cash generated from operations. As of March 31, 2024 June 30, 2024, we had cash and short-term investments of \$425.6 million \$473.6 million and working capital of \$471.9 million \$486.9 million. As of December 31, 2023, we had cash and short-term investments of \$1.1 billion, which included proceeds from our offering of \$650.0 million in aggregate principal of 9.125% senior priority guaranteed notes due 2030 that were used primarily to retire certain outstanding indebtedness during the first quarter of 2024 and working capital of \$431.7 million.

On March 31, 2024, June 30, 2024, we had no borrowings and \$47.1 million \$50.4 million of letters of credit outstanding under the 2022 2024 Credit Agreement, which has a total borrowing capacity of \$350.0 million and a separate letter of credit tranche that permits us to issue letters of credit with total reimbursement obligations not to exceed \$125 million. Letters of credit issued will not affect revolving loan capacity and vice versa.

The 2022 2024 Credit Agreement requires us to maintain an interest coverage ratio (EBITDA/interest expense of 2.625:1.00, which increases to 2.75:1.00 by June 30, 2024) 1.00 and a minimum guarantor value, requiring the guarantors (other than the Company) and their subsidiaries to own at least 90% of the consolidated property, plant and equipment of the Company. Additionally, the Company is subject to certain covenants (which are subject to certain exceptions) and include, among others, (a) a covenant restricting our ability to incur liens (subject to the additional liens basket of up to \$150.0 million, among other exceptions), (b) a covenant restricting its ability to pay dividends or make other distributions with respect to its capital stock and to repurchase certain indebtedness, and (c) a covenant restricting the ability of the Company's subsidiaries to incur debt (subject to the grower debt basket of up to \$100.0 million). The facility matures on January 21, 2026.

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due January 2026, 7.375% Senior Priority Guaranteed Notes due May 2027 or 7.50% Senior Guaranteed Notes due January 2028 or 50% or more of the principal amount of the 1.75% Senior Exchangeable Notes due June 2029 remains outstanding on the date that is 90 days prior to the applicable maturity date for such Indebtedness, then such 90th day.

As of the date of this report, we were in compliance with all covenants under the 2022 2024 Credit Agreement, including those regarding the required interest coverage ratio and minimum guarantor value, which were 4.77: 4.60:1.00 and 99.79%, respectively, as of March 31, 2024 June 30, 2024. If we fail to perform our obligations under the covenants, the revolving credit commitments under the 2022 2024 Credit Agreement could be terminated, and any outstanding borrowings under the facilities could be declared immediately due and payable. If necessary, we have the ability to manage our covenant compliance by taking certain actions including reductions in discretionary capital or other types of controllable expenditures, monetization of assets, amending or renegotiating the revolving credit agreement, accessing capital markets through a variety of alternative methods, or any combination of these alternatives. We expect to remain in compliance with all covenants under the 2022 2024 Credit Agreement during the twelve-month period following the date of this report based on our current operational and financial projections. However, we can make no assurance of continued compliance if our current projections or material underlying assumptions prove to be incorrect. If we fail to comply with the covenants, the revolving credit commitment could be terminated, and any outstanding borrowings under the facility could be declared immediately due and payable.

Our ability to access capital markets or to otherwise obtain sufficient financing may be affected by our senior unsecured debt ratings as provided by the major credit rating agencies in the United States and our historical ability to access these markets as needed. While there can be no assurances that we will be able to access these markets in the future, we believe that we will be able to access capital markets or otherwise obtain financing in order to satisfy any payment obligation that might arise upon maturity, exchange or purchase of our notes and our debt facilities, loss of availability of our revolving credit facilities and our A/R Agreements (see—Accounts Receivable Purchase and Sales Agreements, below), and that any cash payment due, in addition to our other cash obligations, would not ultimately have a material adverse impact on our liquidity or financial position. The major U.S. credit rating agencies have previously downgraded our senior unsecured debt rating to non-investment grade. These and any further ratings downgrades could adversely impact our ability to access debt markets in the future, increase the cost of future debt, and potentially require us to post letters of credit for certain obligations.

We had 8 9 letter-of-credit facilities with various banks as of March 31, 2024 June 30, 2024. Availability under these facilities as of March 31, 2024 June 30, 2024 was as follows:

	March 31, 2024	June 30, 2024
	(In thousands)	(In thousands)
Credit available	\$ 313,667	\$ 353,667
Less: Letters of credit outstanding, inclusive of financial and performance guarantees	125,209	135,526

Remaining availability	\$ 188,458	\$ 218,141
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Accounts Receivable Purchase and Sales Agreements

On September 13, 2019, we entered into an accounts receivables sales agreement (the "A/R Sales Agreement") and an accounts receivables purchase agreement (the "A/R Purchase Agreement" and, together with the A/R Sales Agreement, the "A/R Agreements"), whereby the originators, all of whom are our subsidiaries, sold or contributed, and will on an ongoing basis continue to sell or contribute, certain of their domestic trade accounts receivables to a wholly-owned, bankruptcy-remote special purpose entity ("SPE"). The SPE in turn, sells, transfers, conveys and assigns to third-party financial institutions ("Purchasers"), all the rights, title and interest in and to its pool of eligible receivables.

Over the term of the facility, we entered into a number of amendments. Most recently, on April 1, 2024, we entered into the Fourth Amendment to the A/R Purchase Agreement, which among other things, extended the term of the A/R Purchase Agreement to the earliest of (i) April 1, 2027, (ii) the date that is ninety (90) calendar days prior to the occurrence of the maturity date under and as defined in the 2024 Credit Agreement and (iii) if any of the principal amount of the 7.25% Senior Guaranteed Notes are outstanding as of October 15, 2025, then October 15, 2025.

The amount available for purchase under the A/R Agreements fluctuates over time based on the total amount of eligible receivables generated during the normal course of business after excluding excess concentrations and certain other ineligible receivables. The maximum purchase commitment of the Purchasers under the A/R Agreements is \$250.0 million and the amount of receivables purchased by the third-party Purchasers as of March 31, 2024 June 30, 2024 was \$157.0 million \$156.0 million.

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The originators, Nabors Delaware, the SPE, and the Company provide representations, warranties, covenants and indemnities under the A/R Agreements and the Indemnification Guarantee. See further details at Note 4—Accounts Receivable Purchase and Sales Agreements.

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Other Indebtedness

See Note 5—Debt, for further details about our financing arrangements, including our debt securities.

Future Cash Requirements

Our current cash and investments, projected cash flows from operations, proceeds from equity or debt issuances, the A/R Agreements and the facilities under our 2022 2024 Credit Agreement are expected to adequately finance our purchase commitments, capital expenditures, acquisitions, scheduled debt service requirements, and all other expected cash requirements for at least the next 12 months. However, we can make no assurances that our current operational and financial projections will prove to be correct. A sustained period of highly depressed oil and natural gas prices could have a significant effect on our customers' capital expenditure spending and therefore our operations, cash flows and liquidity.

Purchase commitments outstanding at **March 31, 2024** **June 30, 2024** totaled approximately **\$302.8 million** **\$266.8 million**, primarily for capital expenditures, other operating expenses and purchases of inventory. We can reduce planned expenditures if necessary or increase them if market conditions and new business opportunities warrant it. The level of our outstanding purchase commitments and our expected level of capital expenditures over the next 12 months represent a number of capital programs that are currently underway or planned.

See our discussion of guarantees issued by Nabors that could have a potential impact on our financial position, results of operations or cash flows in future periods included below under “Off-Balance Sheet Arrangements (Including Guarantees).”

There have been no material changes to the contractual cash obligations that were included in our 2023 Annual Report.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, both in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors and may involve material amounts.

Cash Flows

Our cash flows depend, to a large degree, on the level of spending by oil and gas companies for exploration, development and production activities. Sustained decreases in the price of oil or natural gas could have a material impact on these activities and could also materially affect our cash flows. Certain sources and uses of cash, such as the level of discretionary capital expenditures or acquisitions, purchases and sales of investments, dividends, loans, issuances and repurchases of debt and of our common shares are within our control and are adjusted as necessary based on market conditions. We discuss our cash flows for the **three six** months ended **March 31, 2024** **June 30, 2024** and 2023 below.

Operating Activities. Net cash provided by operating activities totaled **\$107.2 million** **\$288.9 million** during the **three six** months ended **March 31, 2024** **June 30, 2024**, compared to net cash provided of **\$154.1 million** **\$322.5 million** during the corresponding 2023 period. Operating cash flows are our primary source of capital and liquidity. Cash from operating results (before working capital changes) was **\$174.9 million** **\$344.3 million** for the **three six** months ended **March 31, 2024** **June 30, 2024**, a decrease of **\$12.3 million** **\$25.1 million** when compared to **\$187.2 million** **\$369.3 million** in the corresponding 2023 period. This was due to the decrease in activity across our business for the **three six** months ended **March 31, 2024** **June 30, 2024** compared to the **three six** months ended **March 31, 2023** **June 30, 2023**. Changes in working capital items such as collection of receivables, other deferred revenue arrangements and payments of operating payables are also significant factors affecting operating cash flows and can be highly volatile in periods of increasing or decreasing activity levels. Changes in working capital items used **\$67.7** **\$55.4** million in cash flows during the **three six** months ended **March 31, 2024** **June 30, 2024**, a **\$34.5 million** **\$8.5 million** unfavorable change as compared to the **\$33.1** **\$46.8** million in cash flows used by working capital in the corresponding 2023 period.

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Investing Activities. Net cash used for investing activities totaled **\$106.6 million** **\$227.1 million** during the **three six** months ended **March 31, 2024** **June 30, 2024** compared to net cash used of **\$128.1 million** **\$283.0 million** during the corresponding 2023 period. Our primary use of cash for investing activities is capital expenditures for rig-related enhancements, new construction and equipment, and

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sustaining capital expenditures. During the **three six** months ended **March 31, 2024** **June 30, 2024** and 2023, we used cash for capital expenditures totaling **\$104.6 million** **\$232.0 million** and **\$118.7 million** **\$263.5 million**, respectively.

Financing Activities. Net cash used by financing activities totaled **\$635.1 million** **\$636.3 million** during the **three six** months ended **March 31, 2024** **June 30, 2024**. During the **three six** months ended **March June 31, 30, 2024**, we repaid \$631.0 million of outstanding long-term debt.

Net cash **provided** **used** by financing activities totaled **\$2.3 million** **\$247.4 million** during the **three six** months ended **March 31, 2023** **June 30, 2023**. During the **three six** months ended **March 31, 2023** **June 30, 2023**, we received proceeds of \$250.0 million from issuance of the 1.75% Exchangeable Notes, **and repaid** **\$232.5 million** **\$292.9 million** of outstanding long-term **debt**, **debt** and made a distribution of \$186.9 million from the Trust Account to NETC stockholders who exercised their right to redemption of their shares.

Other Matters

Recent Accounting Pronouncements

See Note 2—Summary of Significant Accounting Policies.

Off-Balance Sheet Arrangements (Including Guarantees)

We are a party to transactions, agreements or other contractual arrangements defined as “off-balance sheet arrangements” that could have a material future effect on our financial position, results of operations, liquidity and capital resources. The most significant of these off-balance sheet arrangements include the A/R Agreements (see —Accounts Receivable Purchase and Sales Agreements, above) and certain agreements and obligations under which we provide financial or performance assurance to third parties. Certain of these financial or performance assurances serve as guarantees, including standby letters of credit issued on behalf of insurance carriers in conjunction with our workers’ compensation insurance program and other financial surety instruments such as bonds. In addition, we have provided indemnifications, which serve as guarantees, to some third parties. These guarantees include indemnification provided by us to our share transfer agent and our insurance carriers. We are not able to estimate the potential future maximum payments that might be due under our indemnification guarantees. Management believes the likelihood that we would be required to perform or otherwise incur any material losses associated with any of these guarantees is remote.

The following table summarizes the total maximum amount of financial guarantees issued by Nabors:

Maximum Amount					Maximum Amount				
2024	2025	2026	Thereafter	Total	2024	2025	2026	Thereafter	Total

	(In thousands)					(In thousands)				
Financial standby letters of credit and other financial surety instruments	\$ 28,248	871	9,057	4,324	\$ 42,500	\$12,594	16,259	9,732	4,300	\$42,885

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We may be exposed to market risks arising from the use of financial instruments in the ordinary course of business as discussed in our 2023 Annual Report. There were no material changes in our exposure to market risk during the **three** **six** months ended **March 31, 2024** **June 30, 2024** from those disclosed in our 2023 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

We maintain a set of disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) designed to provide reasonable assurance that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

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The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

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There were no changes in our internal control over financial reporting during the quarter ended **March 31, 2024** **June 30, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 8 — Commitments and Contingencies — Litigation for information regarding our legal proceedings.

ITEM 1A. RISK FACTORS

In addition to the information set forth elsewhere in this report, the risk factors set forth in Part 1, Item 1A, of our 2023 Annual Report on Form 10-K should be carefully considered when evaluating us. These risks are not the only risks we face. Additional risks not presently known to us or that we currently deem immaterial may also impair our business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We withheld the following shares of our common shares to satisfy tax withholding obligations in connection with grants of share awards during the three months ended **March 31, 2024** **June 30, 2024** from the distributions described below. These shares may be deemed to be "issuer purchases" of shares that are required to be disclosed pursuant to this Item, but were not purchased as part of a publicly announced program to purchase common shares:

Period	Total Number of Shares	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximated Dollar Value of Shares that May Yet Be Purchased Under the Program (2)
(In thousands, except per share amounts)	Repurchased	Share (1)	Program	Program (2)
January 1 - January 31	17	\$ 83.44	—	278,914
February 1 - February 29	15	\$ 78.29	—	278,914
March 1 - March 31	—	\$ —	—	278,914

Period	Total Number of Shares	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximated Dollar Value of Shares that May Yet Be Purchased Under the Program (2)
(In thousands, except per share amounts)	Repurchased	Share (1)	Program	Program (2)
April 1 - April 30	—	\$ 86.13	—	278,914
May 1 - May 31	—	\$ 74.26	—	278,914
June 1 - June 30	—	\$ 67.23	—	278,914

- (1) Shares were withheld from employees and directors to satisfy certain tax withholding obligations due in connection with grants of shares under our 2016 Stock Plan. Each of the 2016 Stock Plan and the 1999 Stock Option Plan for Non-Employee Directors provide for the withholding of shares to satisfy tax obligations, but do not specify a maximum number of shares that can be withheld for this purpose. These shares were not purchased as part of a publicly announced program to purchase common shares.
- (2) In August 2015, our Board authorized a share repurchase program under which we may repurchase up to \$400.0 million of our common shares in the open market or in privately negotiated transactions. The program was renewed by the Board in February 2019. Through **March 31, 2024** **June 30, 2024**, we repurchased 0.3 million of our common shares for an aggregate purchase price of approximately \$121.1 million under this program. As of **March 31, 2024** **June 30, 2024**, we had \$278.9 million that remained authorized under the program that may be used to repurchase shares. The repurchased shares, which are held by our subsidiaries, are registered and tradable subject to applicable securities law limitations and have the same voting, dividend and other rights as other outstanding shares. As of **March 31, 2024** **June 30, 2024**, our subsidiaries held 1.2 million of our common shares.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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ITEM 5. OTHER INFORMATION

(a) None.

(a) Effective May 3, 2024, Nabors Energy Transition Solutions LLC, a Texas limited liability company and wholly owned subsidiary of Nabors ("Nabors Energy") transferred certain non-revenue producing energy transition assets to Hexegen LLC, a newly formed Delaware limited liability company. Remington Energy I, LLC, a Texas limited liability company owned and managed by Mr. Petrello ("Remington") is also a member of and invested in Hexegen with seed capital and industry expertise. Hexegen plans to grow and scale an energy transition business using its members' contributions. The arrangement provides for profit sharing among its members Nabors Energy and Remington if certain hurdles are overcome and milestones are met and, at the highest level, would provide for a 90:10 split of profits above a defined threshold.

(b) None.

(c) During the quarter ended **March 31, 2024** **June 30, 2024**, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit No.	Description
10.1	Limited Liability Company Amended & Restated Credit Agreement, dated as of Hexegen LLC June 17, 2024, among Nabors Industries, Inc., as Borrower, Nabors Industries Ltd., as Holdings, the other Guarantors from time to time party thereto, the Issuing Banks and other Lenders party thereto and Citibank, N.A., as Administrative Agent. (Incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by the Registrant on June 17, 2024). *
31.1	Rule 13a-14(a)/15d-14(a) Certification of Anthony G. Petrello, Chairman, President and Chief Executive Officer*
31.2	Rule 13a-14(a)/15d-14(a) Certification of William Restrepo, Chief Financial Officer*
32.1	Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), executed by Anthony G. Petrello, Chairman, President and Chief Executive Officer and William Restrepo, Chief Financial Officer.*
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Schema Document*
101.CAL	Inline XBRL Calculation Linkbase Document*
101.LAB	Inline XBRL Label Linkbase Document*
101.PRE	Inline XBRL Presentation Linkbase Document*
101.DEF	Inline XBRL Definition Linkbase Document*
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document)

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NABORS INDUSTRIES LTD.

By: /s/ ANTHONY G. PETRELLO

Anthony G. Petrello
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

By: /s/ WILLIAM RESTREPO

William Restrepo

Date: May 3, July 26, 2024

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Exhibit 10.1

LIMITED LIABILITY COMPANY AGREEMENT
OF
HEXEGEN LLC

This Limited Liability Company Agreement (this "**Agreement**") of Hexegen LLC, a Delaware limited liability company (the "**Company**"), is made as of May __, 2024, by and among the Members (the "**Effective Date**").

ARTICLE 1
FORMATION

1.1 Formation. The Company is a Delaware limited liability company formed pursuant to the Delaware Limited Liability Company Act (as may be amended from time to time, the "**Act**") by the filing of a Certificate of Formation with the Delaware Secretary of State in accordance with the Act, and the rights and liabilities of the Members are as provided in the Act, except as herein otherwise provided. The Company shall execute such further documents and take such further actions as shall be appropriate to comply with the requirements of the Act for the operation of a limited liability company.

1.2 Name. The name of the Company is Hexegen LLC.

1.3 Principal Place of Business. The principal place of business of the Company shall be such place or places as from time to time may be determined by the Manager.

1.4 Purpose. Unless otherwise unanimously determined by the Members, the purpose of the Company is to transact any and all lawful business of every kind and character for which limited liability companies may be organized under the Act.

1.5 Qualification and Registration. The Company shall, as soon as practicable, take any and all actions reasonably necessary to perfect and maintain the status of the Company as a limited liability company under the laws of the State of Delaware. The Manager shall execute and cause to be filed original or amended certificates approved in accordance with the terms of this Agreement and shall take any and all other actions as may be reasonably necessary to perfect and maintain the status of the Company as a limited liability company or similar type of entity under the laws of any other jurisdictions in which the Company does business.

1.6 Registered Office / Registered Agent. The Company's registered office is located at 1209 Orange Street, Wilmington, Delaware 19801, and the name of its initial registered agent at such office is The Corporation Trust Company. The registered office and/or registered agent can be changed by the Manager with written notice to the Members. If the Company will change its registered office and/or its registered agent, then the Manager shall file, or cause to be filed, the necessary amendment with the Delaware Secretary of State in the form required by the Act.

1.7 Term. The term of the Company shall be deemed to have commenced on the date that the Certificate of Formation of the Company was filed in the office of the Secretary of State of the State of Delaware and shall continue until the Company is dissolved in accordance with the provisions of this Agreement.

1.8 Title to Property. All Property owned by the Company shall be owned by the Company as an entity, and no Member shall have any ownership interest in such Property in its individual name, and each Member's respective interest in the Company shall be personal property

for all purposes. At all times after its formation, the Company shall hold title to all of its Property in the name of the Company and not in the name of any Member.

1.9 Entity Classification. The Members agree that the Company shall be classified as a partnership for U.S. federal income tax purposes, and the Members and the Company agree that they shall refrain from making any elections under the Regulations, and from filing any tax returns or reports, that are inconsistent with such classification unless and until the Members unanimously consent to a change in the U.S. federal income tax classification of the Company.

ARTICLE 2

DEFINITIONS

1933 Act has the meaning set forth in Section 7.2 hereof.

Act has the meaning set forth in Section 1.1 hereof.

Adjusted Balance means, for each Member with respect to the Member's Class I Units, an amount equal to:

- (i) \$65.30 million for Member A and \$10,000 for Member B, increased by
- (ii) any additional amounts invested by such Member (including, in the case of Member A, the Company's allocable share of capital expenditures, overhead, accounting and employee costs incurred by Nabors or any subsidiary thereof in relation to the NanoGen business of the Company), increased by
- (iii) the amounts described in romanette (v) below for previous calendar quarters, reduced by
- (iv) any distributions from the Company to such Member with respect to such Class I Units, and increased at the end of every calendar quarter by
- (v) an amount equal to the product of (x) the average of the opening and closing amounts for such Member after applying (i), (ii), (iii) and (iv) above at the beginning and end of such calendar quarter above, and (y) 2%.

Adjusted Capital Account has the meaning set forth in Section 5.3(b) hereof.

Affiliate means, as to any Member or otherwise, a Person controlling, controlled by or under common control with such Member or other Person. For purposes of this definition, "control" means: (i) the ability to vote, directly or indirectly, stock or other equity securities having more than fifty percent (50%) of the voting power of all outstanding stock or other equity securities of an entity, (ii) the ability to otherwise direct the day to day operations of an entity, or (iii) such equivalent of (i) or (ii) for a not-for-profit company. Anthony G. Petrello shall be deemed to be an Affiliate of Member B.

Agreement means this Limited Liability Company Agreement (including all Exhibits hereto), as it may be amended, supplemented or restated from time to time.

Business Day means any day other than a Saturday, Sunday or a day on which commercial banks are authorized or required to close in New York City, New York.

Capital Account has the meaning set forth in Section 5.1 hereof.

Capital Contribution means, with respect to any Member, the amount of money contributed to the Company with respect to Units in the Company held or purchased by such Member, and any additional Capital Contributions made pursuant to Section 3.2.

Cause means a good faith determination by the vote of at least 75% of the independent members of the board of directors of Nabors that one or more of the following events exists or has occurred:

- (a) Member B or any of its Affiliates pleads guilty or no contest to, or is convicted of, a felony or a crime involving moral turpitude; *provided, however*, if such conviction is reversed on a subsequent appeal, any termination for Cause shall not be considered to be a termination for cause by Nabors and void *ab initio*;

(b) there are facts and applicable law showing demonstrably that Member B or any of its Affiliates has materially breached a material written contractual obligation with Nabors; or

(c) Member B or any of its Affiliates knowingly violated any federal or state securities laws;

provided, however, that termination for "Cause" under (b) or (c) shall have not been deemed to have occurred unless: (i) such event, as determined by the independent members of the board of directors of Nabors, causes substantial harm to Nabors, (ii) upon becoming aware of any alleged breach, Nabors shall first provide written notice to Member B of the basis of the alleged breach in reasonable detail and shall provide Member B 90 days following such written notice to cure, correct, or mitigate the event so it does not become a basis for a termination for cause, (iii) if the alleged breach has been cured or corrected by Member B within 90 days of receipt of written notice, no "Cause" shall be found, (iv) if the conduct surrounding the alleged breach, although not capable of being cured or corrected, is nevertheless stopped or reversed, and Nabors has neither been materially financially harmed nor incurred substantial nonfinancial adverse effects, no "Cause" shall be found to exist and (v) in all events, prior to the board of directors of Nabors making any good faith determination by vote on the matter, Member B shall be afforded the opportunity upon reasonable notice, with counsel of his choosing, to be heard before the Nabors board of directors on the matter.

Class I Units means the shares of Class I membership units of the Company, from time to time issued by the Company, pursuant to that certain certificate of incorporation of the Company, as may be amended from time to time, subject to adjustment, upon the terms and conditions set forth therein.

Class II Units means the shares of Class II membership units of the Company, from time to time issued by the Company, pursuant to that certain certificate of incorporation of the Company, as may be amended from time to time, subject to adjustment, upon the terms and conditions set forth therein.

Code means the Internal Revenue Code of 1986, as amended (or any corresponding provision or provisions of any succeeding law).

Company has the meaning set forth in the introductory paragraph of this Agreement.

Company Confidential Information has the meaning set forth in Section 6.8(d) hereof.

Company Sale means (i) the sale or other disposition of all or substantially all of the assets of the Company, taken as a whole, or (ii) the sale, assignment or other disposition by the Company or the Members (whether by merger, consolidation, recapitalization, transfer of equity securities or otherwise) that results in the Members immediately prior to such transaction owning less than 50% of the voting power of the Units (or other entity resulting from such merger, consolidation or other business combination).

Compensatory Interest has the meaning set forth in Section 4.4 hereof.

Designated Individual has the meaning set forth in Section 6.9(a) hereof.

Dissolution Event has the meaning set forth in Section 8.1 hereof.

Distributable Cash Flow has the meaning set forth in Section 4.1 hereof.

Effective Date has the meaning set forth in the introductory paragraph of this Agreement.

Final Value has the meaning set forth in Section 4.3 hereof.

Fiscal Year means (i) the period commencing upon the formation of the Company in 2024 and ending on December 31, 2024, (ii) any subsequent twelve-month period commencing on January 1 and ending on December 31 and (iii) the period commencing on the immediately preceding January 1 and ending on the date on which all Property is distributed to the Members pursuant to Article 8 hereof.

Funding Failure means a determination by the board of directors of Nabors to cease funding the business of the Company, or to fund the business of the Company at a level below the reasonable needs of the business necessary to maintain an ongoing concern.

Government Authority means any United States or non-United States federal, state, municipal or local government, or political subdivision thereof, or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority or power, any court or tribunal (or any

department, bureau or division thereof), or any arbitrator or arbitral body, and includes any entity acting on behalf of any of the foregoing.

Indemnities has the meaning set forth in Section 6.6(b) hereof.

Liquidator has the meaning set forth in Section 8.2(a) hereof.

Manager(s) has the meaning set forth in Section 6.1 hereof.

Member means each Person executing this Agreement as a member or its permitted successor, and any Person subsequently admitted as a Member pursuant to the terms of this Agreement.

Member A means Nabors Energy Transition Solutions LLC.

Member B means Remington Energy I, LLC.

Member Representatives has the meaning set forth in Section 6.8(d) hereof.

Nabors means Nabors Industries Ltd.

Notice has the meaning set forth in Section 9.2 hereof.

Partnership Indemnities has the meaning set forth in Section 6.9(g) hereof.

Partnership Representative has the meaning set forth in Section 6.9(a) hereof.

Person means an individual or a corporation, partnership (whether general or limited), trust, limited liability company, corporation, unincorporated organization, association or other entity or organization.

Profits Interest means a "profits interest" within the meaning of Internal Revenue Service Revenue Procedure 93-27, 1993-2 C.B. 343, as clarified by Revenue Procedure 2001-43, 2001-2 C.B. 191, and Internal Revenue Service Notice 200543, and any future Internal Revenue Service guidance.

Property means all real and personal property acquired by the Company, including cash, and any improvements thereto, and shall include both tangible and intangible property.

Purchase Notice shall have the meaning set forth in Section 7.2 hereof.

Regulations means the income tax regulations promulgated under the Code and in effect, as amended, supplemented or modified from time to time.

Revised Partnership Audit Provisions means Code sections 6221 through 6241 as originally enacted in P.L. 114-74, and as may be amended, and including any Regulations or other administrative guidance promulgated by the Internal Revenue Service thereunder or successor provisions and any comparable provision of non-U.S. or U.S. state or local law.

Tax Distributions means the distributions provided for in Section 4.2 hereof.

Termination Notice shall have the meaning set forth in Section 7.2 hereof.

Testing Event has the meaning set forth in Section 4.3.

Transfer means, directly or indirectly, any sale, assignment, transfer, pledge, hypothecation, granting a lien or other security interest, or other disposition of all or part of any membership units, shares, warrants or units consisting of shares and warrants, by operation of law or otherwise, voluntarily or involuntarily, by intestacy, will, trust or estate distribution, or *inter vivos* action. "**Transferor**" or "**Transferee**" shall have the correlative meanings.

Unit(s) means an issued and outstanding Class I or Class II Unit held by a Member as shown on Exhibit A, with each such Unit having such rights and obligations as set forth herein (including a Member's right to receive distributions of the Company's assets).

ARTICLE 3

CAPITALIZATION OF THE COMPANY

3.1 Units.

(a) Interests in the Company shall be represented by Units. Holders of Units shall be entitled to profits, losses and distributions made by the Company, as set forth in this Agreement. The Members and

Manager agree and acknowledge that the Units shall entitle the holders thereof to share in the profits, losses, distributions, and other economic rights and liabilities attributable to the Units in accordance with this Agreement.

(b) Each holder of Units is set forth on Exhibit A hereto. Upon any update or change to Exhibit A, the Manager shall provide each Member with an updated Exhibit A.

(c) As of the date hereof, each Unit shall correspond to either one Class I Unit or Class II Unit, respectively.

(d) As of the date hereof, each Member shall have made the Capital Contribution in respect of the Units held by such Member to the Company as set forth next to such Member's name on Exhibit A attached hereto.

(e) Except as expressly set forth herein, no Member shall have the right to vote, under the Act or otherwise, on any matter regarding the conduct or management of the business of the Company. Where a vote of the Members is expressly provided herein, each Member shall have the right to one vote for each Unit held by such Person as to all matters submitted to a vote of the Members.

3.2 Additional Capital Contributions. In the event that the Manager determines that the Company shall incur operating expenses directly attributable to the management and/or operations of the Company, the Manager shall be permitted to request that the Members make additional Capital Contributions, pro rata based on the number of Class I Units held by each Member; *provided, however*, Member B shall not be required to make any such additional Capital Contribution without its consent. Member A shall be required to contribute additional capital pursuant to a capital call or other request made by the Manager in its sole discretion, including for purposes of funding the operations of the Company. The value of any non-cash contribution by Member A pursuant to the foregoing, including the allocable share of office overhead and accounting and employee costs, shall be determined by the Manager in its sole discretion.

3.3 Interest. Except as otherwise provided herein, no Member shall be entitled to receive interest on its Capital Contributions made pursuant to Section 3.1 hereof.

3.4 Adjustment to Units. The Manager, after having obtained the unanimous approval of the Members, shall have the authority to cause the Company to forfeit, transfer or exchange Units, including for no consideration, or amend the terms under which the Units were issued or any restrictions or other provisions relating to the Units set forth in the instruments establishing the same (including voting in favor of any such amendment) or enter into any other arrangements with respect to the Units. The Manager shall be authorized to effectuate such forfeitures, transfers, earn-outs, restrictions, amendments or arrangements in such amounts and pursuant to such terms as unanimously approved by the Members. Any such forfeitures, transfers, earn-outs, restrictions amendments or arrangements shall apply in the same manner and pro rata to all Units, and if the Manager enters into any agreement that gives it the right to earn back or restore the value or original terms of any Units that were the subject of any such forfeitures, transfers, earn-outs, restrictions, amendments or arrangements, all holders of Units shall be provided the same rights on a pro rata basis.

ARTICLE 4

DISTRIBUTIONS

4.1 Distributions. Subject to applicable law and as provided in Section 4.2, Section 4.4 and Article 8 hereof, the Company shall make distributions of all capital, earnings, income and other distributable items from the Company at such times and in such manner as follows:

- (a) distributions shall be made at such times as the Manager shall determine from time to time;
- (b) distributions take the form of cash unless otherwise agreed by the Members; and

(c) any distributions determined by the Manager to be made shall be made to the Members as follows:

(i) first to the Members holding Class I Units pro rata in proportion to their relative Adjusted Balances until the Adjusted Balance of each such Member is \$0; and

(ii) thereafter, 90% to holders of Class I Units (pro rata in accordance with the number of Class I Units) and 10% will go to holders of Class II Units.

4.2 Tax Distributions. Tax Distributions shall be made to the Members on each estimated payment date for taxes and following each tax year equal to the product of (i) the amount of taxable income allocated to such Member and (ii) the applicable tax rate (i.e., the corporate rate with respect to Member A and the individual rate with respect to Member B). Tax Distributions shall be treated as advances and shall reduce future distributions to each Member, including amounts payable pursuant to [Section 4.1](#), [Section 4.3](#) and [Section 8.2](#) (without duplication).

4.3 Valuation. On the earlier of (i) the fifth anniversary of the Effective Date, (ii) a Funding Failure, (iii) a Company Sale or (iv) on each sale or other disposition of all or material assets of the Company and its Subsidiaries (each, as applicable, a "**Testing Event**"), the Company will be valued by an independent third party appraiser selected by the Audit Committee of Nabors, subject to Member B's consent to the appraiser which consent shall not be unreasonably withheld, conditioned or delayed (such value, the "**Final Value**"; *provided, that the Final Value in the event of a Company Sale will be the valuation of the Company implied by such Company Sale*). If upon a Testing Event the Final Value exceeds the Adjusted Balance of Member A, then Member A shall pay, or cause to be paid, to Member B an amount equal to the amount the holders of Class II Units would receive if the business was sold for the Final Value and the proceeds were distributed in accordance with [Section 8.2](#). Member A shall satisfy the obligation pursuant to this [Section 4.3](#) with cash unless Member A, in its sole discretion, determines to satisfy all or a portion of the value with Nabors common stock having a value equal to the amount of cash otherwise payable to Member B, using the trailing 10-day volume-weighted average closing sale price (regular way) of a share of Nabors common stock as of the Business Day ending immediately prior to the payment date as reported on the NYSE (as published in The Wall Street Journal). All outstanding Class II Units shall automatically be cancelled upon payment to the holders of Class II Units of such amount.

4.4 Profits Interest. The Class II Units are intended to be treated as Profits Interests and the provisions of this Agreement shall at all times be interpreted in a manner consistent with such intent. Accordingly, the portion of a Member's Capital Account associated with each Class II Unit at the time of its issuance shall be equal to zero. The Company and each holder of a Class II Unit shall file all federal income tax returns (and state, local and foreign tax returns where

applicable) consistent with this [Section 4.4](#) and the characterization of the Class II Units as Profits Interests, although none of the Manager, the Company or any Member makes any representation as to the tax treatment of the Class II Units. The Manager shall have the right to amend this Agreement without the approval of any other Member upon publication of final regulations in the Federal Register (or other official pronouncement) to (i) direct and authorize the election of a safe harbor under Treasury Regulations section 1.83-3(1) (or any similar provision) under which the fair market value of a partnership interest that is transferred in connection with the performance of services ("**Compensatory Interest**") is treated as being equal to the liquidation value of that interest, (ii) provide for an agreement by the Company and all of its Members to comply with all the requirements set forth in such regulations and Notice 2005-43 (and any other guidance provided by the IRS with respect to such election) with respect to all Compensatory Interests while the election remains effective and (iii) provide for any other related amendments. The Manager shall have the discretion to make any determinations required under this [Section 4.4](#) including as to the extent to which a Class II Unit will be excluded from participating in Company distributions on account of this [Section 4.4](#). Subject to the foregoing limitations, distributions shall be made to holders of Class II Units without regard to vesting.

4.5 Limitation Upon Distributions. Notwithstanding any other provision contained in this Agreement to the contrary, no distribution shall be made to any Member to the extent prohibited under the Act and, prior to a

Dissolution Event, there will be no distribution of assets other than cash or securities to any Member.

4.6 Required Withholding. The Company is authorized to withhold from distributions to a Member (including from any distributions in kind), or with respect to allocations to a Member, and to pay over to a federal, state, local or foreign government, any amounts required to be withheld pursuant to the Code, or any provision of any other federal, state, local or foreign law. All amounts withheld pursuant to this [Section 4.6](#) shall be treated as amounts distributed to the relevant Member or Members at the time such amount is withheld for all purposes of this Agreement.

ARTICLE 5

CAPITAL ACCOUNTS AND ALLOCATIONS

5.1 Capital Accounts. There shall be established on the books and records of the Company a capital account (a "**Capital Account**") for each Member with each Member's Initial Capital Account set forth on Exhibit B. Each Member's Capital Account shall be maintained in accordance with Code section 704(b) and the Regulations promulgated thereunder and adjusted as follows by (i) increasing such balance by (a) such Member's allocable share of each item of the Company's income and gain for such taxable period (allocated in accordance with [Section 5.2](#)) and (b) the capital contributions, if any, made (or deemed made) by such Member during such taxable period and (ii) decreasing such balance by (a) the amount of cash or the fair market value of securities or other property distributed to such Member pursuant to this Agreement and (b) such Member's allocable share of each item of the Company's loss and deduction for such taxable period (allocated in accordance with [Section 5.2](#)). Each Member's Capital Account will be further adjusted with respect to any special allocations or adjustments pursuant to this Agreement.

5.2 Regular Allocations of Profits and Losses. Except as otherwise provided in [Section 4.4](#) and herein, after giving effect to the allocations under [Section 5.3](#) and other required allocations pursuant to Regulations sections 1.704-1 and 1.704-2, each item of income, gain, loss

or deduction of the Company (determined in accordance with U.S. federal income tax principles as applied to the maintenance of capital accounts) for each Fiscal Year or other period shall be allocated to each Member's Capital Account, as of the end of each taxable period, in a manner that will cause each Member's Capital Account to equal, as closely as possible, (i) the amount such Member would receive if all assets of the Company on hand at the end of such taxable period were sold for cash equal to their adjusted bases for "book" purposes under Code section 704(b), all liabilities of the Company were satisfied in cash in accordance with their terms (limited in the case of non-recourse liabilities to the adjusted basis (for "book" purposes under Code section 704(b)) of the property securing such liabilities) and all remaining or resulting cash were distributed to the Members under [Article 4](#) minus (ii) such Member's share of "partnership minimum gain" and "partner nonrecourse debt minimum gain" (as such terms are defined in the Regulations), computed immediately prior to the hypothetical sale of assets, and the amount any such Member is treated as obligated to contribute to the Company, computed immediately after the hypothetical sale of assets. The Manager may adjust such allocations pursuant to this [Section 5.2](#) as may be necessary to ensure that such allocations are in accordance with the interests of the Members with the meaning of Code section 704 and the associated Regulations thereunder. All matters concerning allocations for U.S. federal, state, local and non-U.S. income tax purposes, including accounting procedures, not expressly provided for by the terms of this Agreement shall be determined in good faith by the Manager.

5.3 Regulatory Allocations.

(a) Allocations of individual items of income and gain will be made in accordance with the "minimum gain chargeback," "partner nonrecourse debt minimum gain chargeback" and "qualified income offset" provisions of the Regulations promulgated under Code section 704(b).

(b) Notwithstanding any provision hereof to the contrary, no items of loss or expense shall be allocated to any Member to the extent that such allocation would cause such Member to have a deficit balance in its Adjusted Capital Account (or increase any existing deficit balance in its Adjusted Capital Account) at the end of a taxable period. All items of loss and expense in excess of the limitation set forth in this [Section 5.3\(b\)](#) shall be allocated to the Members who do not have a deficit balance in their Adjusted Capital Accounts in proportion to their relative positive Adjusted Capital Accounts but only to the extent that such items of loss and

expense do not cause any such Member to have a deficit in its Adjusted Capital Account. For this purpose, “**Adjusted Capital Account**” means the Capital Account maintained for each Member, (i) increased by any amounts that such Member is obligated to restore or is treated as obligated to restore under Treasury Regulations sections 1.704-1(b)(2)(ii)(c), 1.704-2(g)(1) and 1.704-2(i)(5), and (ii) decreased by any amounts described in Regulations section 1.704-1(b)(2)(ii)(d)(4), (5) and (6) with respect to such Member. The foregoing definition of “Adjusted Capital Account” is intended to comply with the provisions of Treasury Regulations sections 1.704-1(b)(2)(ii)(d) and 1.704-2 and shall be interpreted consistently therewith.

(c) Items of income, gain, loss, expense or credit resulting from an adjustment in the amount of any item of income, gain, loss, deduction, or credit of the Company, or any Member's distributive share thereof, to the extent such adjustment results in an “imputed underpayment” as described in Code section 6225(b) or any analogous provision of state or local law shall be allocated to the Members in accordance with the applicable provisions of

Code sections 6221 through 6241 and the Regulations promulgated thereunder and Section 6.9(f).

5.4 Tax Allocation Rules. Except as necessary to comply with Code section 704(c) and the Regulations promulgated thereunder, all items of income, gain, loss, deduction and credit of the Company for federal income tax purposes shall be allocated among the Members, to the extent permitted under the Code and the Regulations, in the same manner that each such item is allocated to the Members' Capital Accounts under Sections 5.2 and 5.3.

ARTICLE 6

MANAGEMENT

6.1 Management Generally. Subject to the Members' rights to approve certain actions of the Company as set forth in this Agreement, the management and control of the Company shall be vested exclusively in the “**Manager**”. Except as otherwise provided in this Agreement, no Member in its capacity as such shall have any part in the management or control of the Company nor have the authority or right to act on behalf of the Company in connection with any matter. The initial Manager is Member A. The Manager shall hold such office until his, her or its resignation as a Manager, or his, her or its earlier termination of existence, death, disability, or removal. A Manager may resign at any time without penalty or liability upon 90 days' prior written notice to the other Members. In the event of the resignation, termination of existence, death, or disability of a Manager, a replacement Manager shall be appointed with the unanimous consent of the Members.

6.2 Authority of the Manager. Subject only to the limitations specifically set forth in this Agreement, the Manager shall have full authority to bind the Company by execution of documents, instruments, agreements, contracts or otherwise, and to do all lawful acts as are not by statute or this Agreement directed or required to be exercised or done by the Members and to authorize the Company's officers to take any and all such acts.

6.3 Compensation; Use of Agents; Officers.

(a) The Manager shall not be entitled to compensation for the performance of their duties hereunder. The Manager shall be entitled to reimbursement for reasonable and normal business expenses that the Manager incurs in providing services under this Agreement, provided that the Manager seeking reimbursement provides appropriate supporting documentation to the Company.

(b) The Manager may, from time to time, retain any Person to provide services to the Company. The Manager is entitled to rely in good faith upon the recommendations, reports, advice or other services provided by any such agent, which, when appointed, was reasonably believed by the Manager to be qualified to provide such recommendation, reports, advice or other services. The Manager may from time to time appoint officers of the Company as the Manager deems necessary, including but not limited to a Chairman, a Chief Executive Officer, a Chief Financial Officer, a President and such other officers as the Manager deems necessary, each of which shall have the authority and responsibility and serve for the term designated by the Manager or as agreed to by the officer and the Company. Exhibit B attached hereto lists the names and titles of the current officers of the Company. None of the officers shall be deemed managers as that term is used in the Act, but each officer shall be deemed an agent of the Company. The Manager in its sole discretion

can remove officers at any time, and an appointed officer, if any, may resign upon 15 days prior written notice to the Manager. The Manager may fill any officer vacancies.

6.4 Members' Consent.

(a) Except as otherwise specifically provided in this Agreement, for any action requiring the consent of the Members under this Agreement or the Act, the Members can act either (i) through a unanimous resolution approved by all of the Members or (ii) a unanimous written consent signed by all of the Members. A regular meeting of the Members may be scheduled by either Member. The Members may hold their meeting (if applicable) at the principal business office of the Company or such other place as they may agree. Any Member can participate in a meeting by means of a conference telephone or other communications equipment by which all persons participating in the meeting can speak to and hear each other.

(b) Notwithstanding anything else herein to the contrary, and other than as required by this Agreement, the following actions require the unanimous consent of the Members:

- (i) To admit a new Member (other than the initial Members);
- (ii) To enter into any transaction with a Member or an Affiliate of a Member except as expressly permitted pursuant to the terms of this Agreement;
- (iii) To amend the Certificate; and
- (iv) To take any other action that requires the consent of the Members pursuant to the terms of this Agreement.

6.5 Accounting and Financial Information.

(a) **Maintenance of Records.** The Company's accounting records shall be maintained at the location where the Company maintains its books and records. The Company shall keep its accounting records and shall report its income for income tax purposes on the method of accounting selected by the accountants normally servicing the books and records of the Company.

(b) **Reports.** The Company's authorized officers shall cause to be prepared and timely filed all income and other tax and informational returns of the Company required to be filed with the IRS and any other applicable Government Authorities.

(c) **Access to Records.** Each Member and his, her or its authorized representative(s) shall be entitled to reasonable access to the records of the Company during regular business hours and upon reasonable advance notice, in each case in connection with the transactions contemplated by this Agreement or other agreements contemplated herein; *provided, that*, the Members in their capacity as such shall use reasonable efforts to minimize the disruption to the Company's business resulting from such requests or such access.

6.6 Duties; Indemnity.

(a) Notwithstanding anything to the contrary contained in this Agreement, to the fullest extent permitted by applicable law (including, without limitation, Section 18-1101 of

the Act), the parties hereto expressly agree that no Member (including any officer, director, partner, principal, employee, agent or other Affiliate of any Member) or the Manager shall have any duties (including, without limitation, fiduciary duties) to the Company, or any other Person or group of Persons that is a party to, beneficiary of or otherwise bound by this Agreement; *provided, that* the foregoing shall not limit or eliminate liability for any act or omission that constitutes a bad faith violation of the implied contractual covenant of good faith and fair dealing.

(b) Subject to Section 6.6(a) hereof, the parties hereto also expressly agree that no Member (including any officer, director, partner, principal, employee, agent or other Affiliate of any Member), the Manager, or officer, employee or agent of the Company or any of its subsidiaries or Affiliates shall have any liability, responsibility or accountability in damages or otherwise to any Member or the Company for any debt, obligation, or liability of, or loss suffered by the Company that arises out of any act or omission performed or omitted by

such person, except to the extent of acts or omissions that constitute fraud, gross negligence, willful misconduct, a knowing violation of law, or a breach of this Agreement by such person. The Manager, such Members owned or controlled by the Manager, the Members, and any officer, employee or agent of the Company or any of its subsidiaries or Affiliates (each hereinafter referred to as an “**Indemnatee**”) shall be indemnified by the Company, and the Company hereby agrees to indemnify, pay, protect and hold harmless the Indemnatee (on the demand of and to the satisfaction of such Indemnatee), to the fullest amount available or permitted under the Act, from and against any and all liabilities, obligations, losses, damages, actions, judgments, suits, proceedings, costs, expenses and disbursements of any kind or nature arising by reason of the fact that such Indemnatee is or was a Member, a Manager, or officer, employee or agent of the Company or is or was serving as a director, officer or other representative of a subsidiary or an Affiliate of the Company at the request of the Company except to the extent of acts or omissions that constitute fraud, gross negligence, willful misconduct, a knowing violation of law, or a breach of this Agreement by such Indemnatee. The foregoing indemnification includes, without limitation, all reasonable legal fees, costs and expenses of defense, appeal and settlement of any and all suits, actions or proceedings instituted against such Indemnatee or the Company and all costs of investigation in connection therewith that may be imposed on, incurred by or asserted against the Indemnatee or the Company in any way relating to or arising out of, or alleged to relate to or arise out of, any action or inaction on the part of the Company, or on the part of the Indemnatee, except to the extent of acts or omissions that constitute fraud, gross negligence, willful misconduct, a knowing violation of law, or a breach of this Agreement by such Indemnatee. If any action, suit or proceeding shall be pending against the Company or the Indemnatee relating to or arising out of, or alleged to relate to or arise out of, any action or inaction on either of their parts, the Indemnatee shall have the right to employ, at the expense of the Company, separate counsel of its choice in such action, suit or proceeding if and to the extent that a bona fide conflict of interest may exist between or among such Indemnatee and the Company or any other Indemnatee hereunder. The satisfaction of the obligations of the Company under this **Section 6.6** shall be from and limited to the assets of the Company, and no Member shall have any personal liability on account thereof.

(c) The Manager may grant indemnification rights to any Person involved in any action, suit or proceeding by reason of the fact that he, she or it is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other entity, except to the extent of

acts or omissions that constitute fraud, gross negligence, willful misconduct, a knowing violation of law, or a breach of this Agreement by such person.

(d) Any expenses (including attorneys’ fees) incurred by any Indemnatee in defending any action, suit or proceeding shall be paid by the Company in advance of the final disposition of such matter if such Indemnatee expressly agrees to repay in full all such amounts if such Indemnatee shall ultimately be determined not to be entitled indemnification under **Section 6.6(b)** or **(c)** hereof.

6.7 New Members. Except for a Transferee who receives a Unit in a Transfer permitted under **Article 7** hereof, a new Member may be admitted only with the unanimous consent of the Members pursuant to **Section 6.4(b)(i)** hereof. Such new Member shall make such Capital Contribution (if any) and shall receive the Unit(s), and shall otherwise be admitted upon such terms and conditions, as approved by the Members. Admission of a new Member is conditioned upon the execution of a counterpart copy of this Agreement by such new Member or a confirmatory document in which such new Member agrees in writing to observe all the terms and conditions of the Agreement, together with such other documentation as the Members may require, and upon such admission, the Manager shall amend **Exhibit A** to reflect the ownership interest of the new Member.

6.8 Rights and Obligations of Members.

(a) **Rights and Obligations of a Member.** A Member shall not be personally liable for any of the debts of the Company or any of the losses thereof, whether arising in tort, contract, or otherwise, beyond the Capital Contribution made by such Member to the Company; *provided, that* a Member may be required to repay distributions made to it as provided in **Section 18-607** of the Act. The Manager, Members and Affiliates of a Member shall not have any personal liability for the repayment of any Capital Contribution of any Member.

(b) **Transactions with the Company.** A Member (or its Affiliate), including the Manager, may lend money to and transact other business with the Company, and shall have the same rights and obligations with respect thereto as a person who is not a Member.

(c) **Confidentiality.** Each Member shall keep confidential and not disclose any Company Confidential Information (as defined below) without the express consent of the Company, unless such disclosure shall be required by applicable law, governmental rule or regulation, court order or administrative or arbitration proceeding having jurisdiction over such person. Notwithstanding the foregoing, such Member may disclose Company Confidential Information to: (i) lenders and prospective lenders of such Member or its Affiliates, (ii) parties (actual or prospective) to business combinations with such Member or its Affiliates and (iii) its Affiliates, directors, officers, partners, employees, attorneys, accountants and advisors of such Member or its Affiliates ("**Member Representatives**"); *provided, however*, that such Member take commercially reasonable precautions (including the requirement that the recipient of such disclosure pursuant to items (i) and (ii) execute a confidentiality agreement containing terms no less restrictive than those set forth in this [Section 6.8\(d\)](#)) to ensure that the Company Confidential Information will be kept confidential by the recipient of such disclosure; *provided, further*, that, without the Company's express prior written consent, such Member shall not disclose any Company Confidential Information that constitute trade secrets (including secret formulas, designs, drawings and other technical information related to products or services of the Company or a portfolio company) or any confidential information that Nabors or any of its

Affiliates is legally obligated to maintain as confidential. "**Company Confidential Information**" means Company information that is not already available through publicly available sources of information (other than as a result of disclosure by such Member) and is designated in writing as confidential. Company Confidential Information includes, without limitation, information that pertains or relates to (i) the business and affairs of the Company, (ii) any investments or proposed investments of the Company (including the amount thereof or the identity of any managers with which the Company invests), or (iii) any other material Company matters. In the event that any Member or any of its Member Representatives is required to disclose any of the Company Confidential Information, such Person shall use commercially reasonable efforts to provide the Company with prompt prior written notice so that the Company may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement, and such Person shall use its commercially reasonable efforts to cooperate with the Company in any effort to obtain a protective order or other remedy. In the event that such protective order or other remedy is not obtained, or that the Company waives compliance with the provisions of this [Section 6.8\(d\)](#), such Member or its Member Representatives will furnish only that portion of the Company Confidential Information that is required and shall exercise their commercially reasonable efforts to obtain reliable assurance that the Company Confidential Information will be accorded confidential treatment.

6.9 Tax Matters.

(a) **Partnership Representative.** The Manager (or such other Person appointed by the Manager) shall be designated the "Partnership Representative" as described in Code section 6223 of the Revised Partnership Audit Provisions and the Regulations promulgated thereunder (such Person the "**Partnership Representative**") (and, for each taxable year of the Company, the Company shall appoint an individual selected by the Partnership Representative as the designated individual appointed by the Company pursuant to Treasury Regulations section 301.6223-1 (and any similar provision of state, local or foreign law) (the "**Designated Individual**"), and the Company shall revoke such appointment if and only if instructed to do so by the Partnership Representative).

(b) **Tax Examinations and Audits.** The Partnership Representative and Designated Individual are authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by Government Authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith. The Partnership Representative and the Designated Individual shall keep the Members apprised of all material tax proceedings relating to the Company. Each Member agrees to cooperate with the Partnership Representative and the Designated Individual and to do or refrain from doing any or all things reasonably requested by the Partnership Representative and the Designated Individual with respect to the conduct of examinations by Government Authorities and any resulting proceedings. Each Member agrees that any reasonable action taken

by the Partnership Representative and the Designated Individual in connection with audits of the Company shall be binding upon such Members and that such Member shall not independently act with respect to tax audits or tax litigation affecting the Company.

(c) **Income Tax Elections.** The Partnership Representative shall have sole discretion to make any tax election it deems advisable on behalf of the Company. Each Member expressly agrees that it shall take any resulting adjustment into account as provided in Code

sections 6225(c)(2) or 6226(b) of the Revised Partnership Audit Provisions and any other applicable Revised Partnership Audit Provision and that the Company shall be entitled to take any action or make any election contemplated by Code section 6225(c), 6226, or 6227 of the Revised Partnership Audit Provisions and any other provision of the Revised Partnership Audit Provisions. In making any election or taking any other action under the Revised Partnership Audit Provisions and in any similar capacity under state, local or non-U.S. law, as applicable, the Partnership Representative will cause to be taken into account the tax status of a Member (or of its direct or indirect owners) and, if the Company is subject to any tax liability under such rules, then the Partnership Representative will act in good faith to reasonably determine the allocation of any such tax liabilities among the Members, ensuring that a Member receives the benefit of any reduction in a tax liability resulting from the tax status of such Member (or of its direct or indirect owners).

(d) **Tax Returns and Tax Deficiencies.** Each Member agrees that such Member shall not treat any Company item inconsistently on such Member's federal, state, foreign or other income tax return with the treatment of the item on the Company's return. The Partnership Representative shall have sole discretion to determine whether the Company (either on its own behalf or on behalf of the Members) will contest or continue to contest any tax deficiencies assessed or proposed to be assessed by any taxing authority. Any deficiency for taxes imposed on any Member (including penalties, additions to tax or interest imposed with respect to such taxes) will be paid by such Member and if required to be paid (and actually paid) by the Company, will be recoverable from such Member.

(e) **Tax Returns.** At the expense of the Company, the Manager shall endeavor to cause the preparation and timely filing (including extensions) of all tax returns required to be filed by the Company pursuant to the Code as well as all other required tax returns in each jurisdiction in which the Company owns property or does business. As soon as reasonably possible after the end of each Fiscal Year, the Manager will cause to be delivered to each Person who was a Member at any time during such Fiscal Year, IRS Schedule K-1 to Form 1065 and such other information with respect to the Company as may be necessary for the preparation of such Person's federal, state and local income tax returns for such Fiscal Year on a timely basis.

(f) **Indemnification.** Notwithstanding the foregoing, each Member hereby agrees to indemnify, in an amount equal to such Member's distributive share as determined by the Partnership Representative, the entire amount paid or payable, to the fullest extent permitted by law, by the Company, the Partnership Representative or the Designated Individual, and the subsidiaries, parents, affiliates, successors and assigns, and persons serving as officers, directors, partners or employees, agents or representatives of the Company or the Partnership Representative (the "**Partnership Indemnitees**") attributable to or as a result of the Revised Partnership Audit Provisions or any audit or proceeding with respect thereto, including, but not limited to, any interest, penalty, addition to tax, or additional amount which relates to an adjustment to any such item or share, damages, liabilities, losses, taxes, fines, penalties, costs and expenses (including, without limitation, reasonable fees of counsel) of any kind or nature whatsoever which may be sustained or suffered by any Partnership Indemnitees relating thereto. The obligations of a Member under this Section 6.9(f) shall survive such Member's Transfer of its Units and the termination, dissolution, liquidation, or winding up of the Company.

ARTICLE 7

TRANSFER OF INTERESTS

7.1 No Transfers.

(a) **General.** Except as otherwise provided in this Article 7 or with the unanimous consent of the Members, no holder of a Unit may Transfer all or any portion of such Unit. Any Transfer of a Unit not made in conformance with this Agreement shall be null and void, shall not be recorded on the books of the Company and shall not be recognized by the Company.

(b) **Permitted Transfers.** Notwithstanding Section 7.1(a) hereof, the following Transfers of all or any portion of a Member's Unit holdings shall be permitted: (i) a Transfer to an existing Member or an Affiliate of an existing Member, (ii) in the case of a corporation, partnership, or limited liability company, a Transfer to its stockholders, partners or members or to one or more of its Affiliates; (iii) a Transfer by a Member to his or her immediate family or a trust or other entity formed for legitimate estate planning or other domestic planning purposes, *provided, however*, that such Member shall retain and continue to have exclusive voting and other management rights with respect to such Units after any such Transfer to a trust or other entity formed for such purposes, and any such permitted transferee shall continue to be bound by this provision; or (iv) in the event of the death or disability of a Member, a Transfer to such Member's heirs or estate.

7.2 Option to Purchase.

(a) In the event of a Funding Failure, Member B shall have the right to purchase all (but not less than all) of Member A's interests in the Company pursuant to this Section 7.2 (the "**Purchase Option**") by delivering written notice of its intention to exercise such purchase option within 45 Business Days of receiving notice of the funding failure (such written notice, the "**Purchase Notice**"). Once delivered, a Purchase Notice shall be irrevocable except as otherwise mutually agreed by the Members.

(b) Following Member B's receipt of the Purchase Notice, the Members shall have 45 Business Days to agree upon a purchase price for Member A's interests. In the event the Members cannot agree on a purchase price, such purchase price shall be determined by an independent third-party appraiser selected by the Audit Committee of Nabors, subject to Member B's consent to the appraiser which consent shall not be unreasonably withheld, conditioned or delayed. In determining the price of Member A's interests, the appraiser shall not include any control premium or any discounts due to the illiquid nature of such interests.

(c) The closing of the Purchase Option shall take place on a date to be specified by the Members which, subject to any required governmental approvals, if applicable, shall be no later than 30 Business Days following the final determination of the purchase price in accordance with Section 7.2(b), or such other date as may be mutually agreed in writing by the Members. The Members shall act in good faith to cause such closing to occur on such date as determined by the foregoing sentence, including using their reasonable best efforts to obtain any required governmental approvals as promptly as practicable. At the closing of the Purchase Option, Member A shall sell, and Member B, or such Affiliate(s) of Member B as it may designate, shall purchase all (but not less than all) of Member A's interests in the Company free and clear of all liens and encumbrances (other than those arising under this Agreement).

(d) Each Member shall, and shall cause each of its Affiliates to, take such actions and execute such documents and instruments as may be necessary or desirable in order to consummate expeditiously the transactions required by this Section 7.2.

7.3 Transfer Restrictions. Each Member acknowledges that the Units have not been registered under the Securities Act of 1933, as amended (the "**1933 Act**") or any state or other securities laws, in reliance on applicable exemptions. Therefore, each Member agrees that the Units shall be nontransferable, except in compliance with the 1933 Act and applicable state securities laws, and any attempted Transfer not in compliance shall be void *ab initio*. As an additional condition precedent to the Transfer of any Unit, the Manager may require an opinion of counsel satisfactory to the Manager that such Transfer will be made in compliance with the 1933 Act and applicable state securities laws, and such transferor shall be responsible for paying any attorneys' fees incurred in connection with the opinion. Notwithstanding anything to the contrary contained in this Agreement, any Transfer that would cause the Company to be treated as a "publicly traded partnership" within the meaning of Code section 7704 shall be null and void, shall not be recorded on the books of the Company and shall not be recognized by the Company.

7.4 Effect of Transfer; Transferees Bound. A Person shall cease to be a Member, and shall not be entitled to exercise any rights or powers of a Member, upon a Transfer of all of such Person's Unit(s) in the Company. All Transferees shall be required to execute either (i) a counterpart copy of this Agreement or (ii) a confirmatory document in which they agree in writing to observe all of the terms and conditions of this Agreement before such Transferee is admitted as a Member (to the extent such Person is not a Member before such Transfer). The Manager shall amend Exhibit A attached hereto to reflect the ownership of Units immediately after the Transfer.

ARTICLE 8

TERMINATION AND DISSOLUTION

8.1 Dissolution. The Company shall be dissolved solely upon the occurrence of any one of the following events (each a "**Dissolution Event**"):

- (a) The unanimous consent of the Members to dissolve;
- (b) The entry of a decree of judicial dissolution pursuant to the Act;
- (c) The occurrence of an event that makes it unlawful for all or substantially all of the business of the Company to be continued, but, for this purpose, any cure of illegality within 90 days after notice of the event to the Company shall be effective retroactively to the date of the event;
- (d) The consummation of a Company Sale;
- (e) At the election of Member A, if there is Cause; or
- (f) An administrative dissolution of the Company.

8.2 Dissolution Procedure.

(a) **Winding Up, Liquidation, and Distribution of Assets.** Upon dissolution of the Company, unless it is reconstituted and continued, the Manager or its designee (the "**Liquidator**") shall immediately proceed to wind up the affairs of the Company. As promptly as possible after dissolution and again after final liquidation, the Liquidator shall cause

a proper accounting to be made, by a recognized firm of certified public accountants, of the Company's assets, liabilities and operations through the last day of the calendar month in which the dissolution shall occur or the final liquidation shall be completed, as applicable. The Liquidator shall have full power and authority to sell, assign and encumber any or all of the Company's assets and to wind up and liquidate the affairs of the Company in an orderly and businesslike manner and on such terms and conditions as it deems necessary or advisable, without the consent of the Members; *provided, however*, that the sale, assignment or encumbrance of any Company assets shall require the consent of the Manager. Upon liquidation of the Company, the assets of the Company shall be applied in the following manner and order of priority:

- (i) First, to the payment and discharge of all debts and liabilities of the Company to creditors in the order of priority as provided by law, and of the costs and expenses of liquidation;
 - (ii) Second, to establish such reserves as the Liquidator deems reasonably necessary or advisable, or as required by the Act, to provide for the contingent liabilities of the Company in connection with the liquidation of the Company;
 - (iii) Third, to the payment and discharge of all debts and liabilities of the Company to the Members who may be creditors in the order of priority as provided by law; and
 - (iv) Fourth, to the Members in accordance with Section 4.1 hereof.
- (b) **Complete Distribution.** The distribution of cash or Property to a Member in accordance with the provisions of this Section 8.2 shall constitute a complete return to the Member in respect of its Capital Contributions and a complete distribution to the Member of its interest in the Company and the Company's Property.
- (c) **Dissolution Documents.**

(i) Upon completion of the winding up, liquidation and distribution of the assets as described in Section 8.2(b) hereof, the Company shall be deemed terminated. Furthermore, when all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the Company's remaining Property and assets have been distributed to the Members, the certificate of cancellation shall be executed, verified by the persons signing the certificate and filed by the Manager, or, if no Manager shall then be serving, the Liquidator, with the Delaware Secretary of State. The certificate of cancellation shall be in the form required by the Act. The Manager or Liquidator, as the case may be, shall execute and file, in a timely manner, any other documents in any other jurisdictions which may be required in connection with the dissolution of the Company.

(ii) Upon the issuance of the certificate of cancellation, the existence of the Company shall cease, except for any purposes as provided for in the Act.

8.3 Return of Contribution. Except as provided by law, the Act or as specifically set forth in this Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of its Capital Contribution. If the Company's assets remaining after the payment or discharge of the debts and liabilities of the Company are insufficient to return the Capital Contributions of one or more Members, such Member or Members shall have no recourse

against any other Member, or the Manager, or any officer of the Company or any of their Affiliates.

ARTICLE 9

GENERAL PROVISIONS

9.1 No Third Party Rights. This Agreement is entered into among the Company and the Members for the exclusive benefit of the Company, the Members and their successors and assignees. This Agreement is expressly not intended for the benefit of any creditor of the Company or any other Person. Except and only to the extent provided by applicable statute, no such creditor or third party shall have any rights under this Agreement or any agreement between the Company and the Members with respect to any Capital Contribution or otherwise.

9.2 Notifications. Except as expressly provided elsewhere in this Agreement, any notice, demand, consent, election, offer, approval, request, or other communication (collectively, a "**Notice**") required or permitted under the Act or this Agreement must be in writing and shall be delivered in person, by facsimile or e-mail with confirmation or by overnight delivery service with receipt, to the address shown on Exhibit A attached hereto. Notice to the Company must be addressed to the Company's principal office. Notice shall be deemed received: (i) if by personal delivery, on the date delivered, (ii) if by telecopy or e-mail, on the date confirmed or (iii) if by overnight delivery service, on the date delivered. Any party may designate, by Notice to all of the others, substitute addresses or addressees for Notices; and, thereafter, Notices are to be directed to those substitute addresses or addressees.

9.3 Integration. This Agreement embodies the entire agreement and understanding among the Members and supersedes all prior agreements and understandings, if any, among and between the Members relating to the subject matter hereof.

9.4 Governing Law. THIS AGREEMENT AND THE RIGHTS OF THE MEMBERS SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE CONFLICT OF LAWS RULE THEREOF.

9.5 Resolution of Disputes.

(a) Any disputes arising under or in connection with this Agreement (including any action by Member B to enforce compliance or specific performance with respect to this Agreement) shall, at the election of Member B or the Company, be resolved by binding arbitration, to be held in New York, New York in accordance with the rules and procedures of the American Arbitration Association before three arbitrators. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Nothing herein shall preclude either party from seeking provisional remedies in aid of arbitration, such as a temporary restraining order or preliminary injunction, from a court of competent jurisdiction. Costs of the arbitration or litigation shall be borne equally by the Company and Member B; *provided, that* costs of attorneys' fees shall be borne by each party, respectively, regardless of which party is the prevailing party in such dispute. Pending the

resolution of any arbitration or court proceeding, the Company shall continue payment of all amounts due Member B under this Agreement consistent with the past practice and all benefits to which Member B is entitled at the time the disputes arises.

(b) Each party hereto acknowledges that a breach or threatened breach by such party of any of its obligations under this Agreement would give rise to irreparable harm to

the other parties, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, each of the other parties hereto shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

(c) To the fullest extent permitted by law, each Member shall have full rights to directly enforce the terms of this Agreement against the Company, the Manager and the other Members, and there shall be no such enforcement right which shall require enforcement by derivative suit or action.

9.6 Counterparts. This Agreement may be executed in several counterparts and all counterparts so executed shall constitute one Agreement binding on all parties hereto, notwithstanding that all the parties are not signatories to the original or the same counterpart.

9.7 Severability. In case any one or more of the provisions contained in this Agreement or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

9.8 Inurement. Except as herein otherwise provided, this Agreement shall be binding upon and inure to the benefit of the Members and their respective heirs, executors, administrators, successors and assigns.

9.9 Headings. Headings are used merely for reference purposes and do not affect content in any manner.

9.10 Gender. Wherever applicable, the pronouns designating the masculine or neuter shall equally apply to the feminine, neuter and masculine genders. Furthermore, wherever applicable within this Agreement, the singular shall include the plural.

9.11 Exhibits. Exhibits, if any, referred to in this Agreement are incorporated by reference into this Agreement.

9.12 Waiver of Partition. All Members specifically waive any direct or indirect rights they now have or may hereafter acquire to cause any assets of the Company now or hereafter acquired to be the subject of a partition suit.

9.13 Additional Documents. Each Member agrees to execute with acknowledgment, if required, any and all documents and writings which may be necessary or expedient in the confirmation of this Company and the achievement of its purposes; however, such documents shall neither create greater obligation of the Members nor change their interests unless such is in accordance with the express terms of this Agreement or the operation of its provisions.

ARTICLE 10 AMENDMENTS

This Agreement may be amended only with the unanimous consent of the Members.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth on the first page hereof.

MEMBERS:

NABORS ENERGY TRANSITION SOLUTIONS LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

REMINGTON ENERGY I, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT A

HEXEGEN LLC
MEMBERS AND UNIT OWNERSHIP

MEMBER	PERCENTAGE OF CLASS I UNITS	PERCENTAGE OF CLASS II UNITS	INITIAL CAPITAL CONTRIBUTION	INITIAL CAPITAL ACCOUNT
Member A	99.99975%	0%	All assets of the NanoGen business	\$32.65 million
Member B	0.00025%	100%	\$10,000	\$10,000

EXHIBIT B

OFFICERS

Name Title

Siggi Meissner

President

Michael Csizmadia

Senior Vice President, General
Counsel and Secretary

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a)

I, Anthony G. Petrello, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nabors Industries Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2024 July 26, 2024

/s/ ANTHONY G. PETRELLO

Anthony G. Petrello

Chairman, President and Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a)

I, William Restrepo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nabors Industries Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2024 July 26, 2024

/s/ WILLIAM RESTREPO

William Restrepo

Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Nabors Industries Ltd. (the "Company") for the quarter ended **March 31, 2024** **June 30, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony G. Petrello, Chairman, President and Chief Executive Officer of the Company, and I, William Restrepo, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ANTHONY G. PETRELLO

Anthony G. Petrello

Chairman, President and Chief Executive Officer

/s/ WILLIAM RESTREPO

William Restrepo

Chief Financial Officer

Date: **May 3, 2024** **July 26, 2024**

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