

REFINITIV

# DELTA REPORT

## 10-Q

NBR - NABORS INDUSTRIES LTD

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1706
CHANGES	222
DELETIONS	434
ADDITIONS	1050

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 **September 30, 2023** **March 31, 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 **October 24, 2023** **April 30, 2024** was **9,465,106** **9,540,228**, excluding 1,161,283 common shares held by our subsidiaries, or **10,626,389** **10,701,511** in the aggregate.


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NABORS INDUSTRIES LTD. AND SUBSIDIARIES

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**NABORS INDUSTRIES LTD. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	September 30, 2023	December 31, 2022
	(In thousands, except per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 387,483	\$ 451,025
Short-term investments	19,160	1,290
Accounts receivable, net of allowance of \$52,427 and \$52,895, respectively	324,970	327,397
Inventory, net	146,254	127,947
Other current assets	82,687	92,964
Total current assets	960,554	1,000,623
Property, plant and equipment, net	2,945,964	3,026,100
Restricted cash held in trust	418,125	284,841
Deferred income taxes	239,363	257,320
Other long-term assets	162,844	160,970
Total assets (1)	\$ 4,726,850	\$ 4,729,854
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable	\$ 287,228	\$ 314,041
Accrued liabilities	212,974	247,575
Income taxes payable	22,998	27,990
Current lease liabilities	5,503	6,784
Total current liabilities	528,703	596,390
Long-term debt	2,501,339	2,537,540
Other long-term liabilities	312,631	377,671
Deferred income taxes	1,810	2,858
Total liabilities (1)	3,344,483	3,514,459
Commitments and contingencies (Note 8)		
Redeemable noncontrolling interest in subsidiary	834,195	678,604

Shareholders' equity:

Common shares, par value \$0.05 per share:

Authorized common shares 32,000; issued 10,634 and 10,505, respectively	527	525
Capital in excess of par value	3,535,728	3,536,373
Accumulated other comprehensive income (loss)	(10,422)	(11,038)
Retained earnings (accumulated deficit)	(1,861,848)	(1,841,153)
Less: treasury shares, at cost, 1,161 and 1,090 common shares, respectively	(1,315,751)	(1,315,751)
Total shareholders' equity	348,234	368,956
Noncontrolling interest	199,938	167,835
Total equity	548,172	536,791
Total liabilities and equity	\$ 4,726,850	\$ 4,729,854

March 31,  
2024

December 31,  
2023

(In thousands, except for  
share amounts)

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 412,864	\$ 1,057,487
Short-term investments	12,696	12,691
Accounts receivable, net of allowance of \$52,656 and \$52,864, respectively	416,873	347,837
Inventory, net	149,789	147,798
Other current assets	82,137	79,865
Total current assets	1,074,359	1,645,678
Property, plant and equipment, net	2,841,294	2,898,728
Restricted cash held in trust	319,730	315,488
Deferred income taxes	232,250	238,871
Other long-term assets	177,339	179,200
Total assets (1)	\$ 4,644,972	\$ 5,277,965

**LIABILITIES AND EQUITY**

Current liabilities:

Current portion of debt	\$ —	\$ 629,621
Trade accounts payable	319,436	294,442
Accrued liabilities	219,712	230,240
Income taxes payable	58,024	54,255
Current lease liabilities	5,246	5,423
Total current liabilities	602,418	1,213,981
Long-term debt	2,512,175	2,511,519
Other long-term liabilities	255,531	270,014
Deferred income taxes	1,425	1,366
Total liabilities (1)	3,371,549	3,996,880

Commitments and contingencies (Note 8)

Redeemable noncontrolling interest in subsidiary	750,600	739,075
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Shareholders' equity:

Common shares, par value \$0.05 per share:

Authorized common shares 32,000; issued 10,702 and 10,556, respectively	535	527
Capital in excess of par value	3,540,409	3,538,896
Accumulated other comprehensive income (loss)	(10,925)	(10,832)
Retained earnings (accumulated deficit)	(1,927,930)	(1,886,226)
Less: treasury shares, at cost, 1,161 and 1,161 common shares, respectively	(1,315,751)	(1,315,751)
Total shareholders' equity	286,338	326,614
Noncontrolling interest	236,485	215,396
Total equity	522,823	542,010
Total liabilities and equity	\$ 4,644,972	\$ 5,277,965

(1) The condensed consolidated balance sheets as of **September 30, 2023**, **March 31, 2024** and **December 31, 2022**, **December 31, 2023** include assets and liabilities of variable interest entities. See Note 3—Joint Ventures and Note 13—Special Purpose Acquisition Companies **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 September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
	(In thousands, except per share amounts)				(In thousands, except per share amounts)	
Revenues and other income:						
Operating revenues	\$ 733,974	\$ 694,136	\$ 2,280,180	\$ 1,893,618	\$ 733,704	\$ 779,139
Investment income (loss)	10,169	4,813	31,778	5,798	10,201	9,866
Total revenues and other income	744,143	698,949	2,311,958	1,899,416	743,905	789,005
Costs and other deductions:						
Direct costs	447,751	432,311	1,365,611	1,208,820	437,077	462,329
General and administrative expenses	62,182	57,594	187,144	169,400	61,751	61,730
Research and engineering	14,016	13,409	42,371	36,028	13,863	15,074
Depreciation and amortization	161,337	169,857	484,066	496,231	157,685	163,031
Interest expense	44,042	43,841	135,347	133,650	50,379	45,141
Other, net	35,546	(25,954)	(8,604)	68,975	16,108	(42,375)
Total costs and other deductions	764,874	691,058	2,205,935	2,113,104	736,863	704,930
Income (loss) before income taxes	(20,731)	7,891	106,023	(213,688)	7,042	84,075
Income tax expense (benefit):						
Current	6,241	11,414	43,569	30,662	9,668	18,302
Deferred	4,272	938	16,407	4,714	6,376	4,713
Total income tax expense (benefit)	10,513	12,352	59,976	35,376	16,044	23,015
Net income (loss)	(31,244)	(4,461)	46,047	(249,064)	(9,002)	61,060
Less: Net (income) loss attributable to noncontrolling interest	(17,672)	(9,322)	(41,128)	(32,132)	(25,331)	(11,836)

Net income (loss) attributable to Nabors	(48,916)	(13,783)	\$ 4,919	\$ (281,196)	\$ (34,333)	\$ 49,224
Earnings (losses) per share:						
Basic	\$ (6.26)	\$ (1.80)	\$ (2.79)	\$ (32.72)	\$ (4.54)	\$ 4.39
Diluted	\$ (6.26)	\$ (1.80)	\$ (2.79)	\$ (32.72)	\$ (4.54)	\$ 4.11
Weighted-average number of common shares outstanding:						
Basic	9,148	9,099	9,168	8,830	9,176	9,160
Diluted	9,148	9,099	9,168	8,830	9,176	9,867

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 September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
	(in thousands)				(in thousands)	
Net income (loss) attributable to Nabors	\$ (48,916)	\$ (13,783)	\$ 4,919	\$ (281,196)	\$ (34,333)	\$ 49,224
Other comprehensive income (loss), before tax:						
Translation adjustment attributable to Nabors	(172)	(1,651)	496	(2,481)	(134)	58
Pension liability amortization and adjustment	52	52	156	1,584	53	52
Other comprehensive income (loss), before tax	(120)	(1,599)	652	(897)	(81)	110
Income tax expense (benefit) related to items of other comprehensive income (loss)	12	12	36	36	12	12
Other comprehensive income (loss), net of tax	(132)	(1,611)	616	(933)	(93)	98
Comprehensive income (loss) attributable to Nabors	(49,048)	(15,394)	5,535	(282,129)	(34,426)	49,322
Comprehensive income (loss) attributable to noncontrolling interest	17,672	9,322	41,128	32,132	25,331	11,836
Comprehensive income (loss)	\$ (31,376)	\$ (6,072)	\$ 46,663	\$ (249,997)	\$ (9,095)	\$ 61,158

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

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

	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2024	2023
	(In thousands)		(In thousands)	
Cash flows from operating activities:				
Net income (loss)	\$ 46,047	\$ (249,064)	\$ (9,002)	\$ 61,060
Adjustments to net income (loss):				
Depreciation and amortization	484,066	496,231	157,685	163,031
Deferred income tax expense (benefit)	16,407	4,712	6,376	4,713
Impairments and other charges	5,318	—	—	5,318
Amortization of debt discount and deferred financing costs	6,393	8,012	2,266	2,020
Losses (gains) on debt buyback	(25,202)	(1,636)	2,576	(24,856)
Losses (gains) on long-lived assets, net	7,980	1,130	4,600	337
Losses (gains) on investments, net	(1,089)	544	(10)	(354)
Share-based compensation	12,671	11,854	4,155	3,980
Foreign currency transaction losses (gains), net	21,725	(4,054)	11,394	6,454
Mark-to-market (gain) loss on warrants	(44,314)	59,717	(5,679)	(34,565)
Noncontrolling interest	(41,128)	(32,132)		
Other	144	176	553	47
Changes in operating assets and liabilities, net of effects from acquisitions:				
Accounts receivable	(1,890)	(29,828)	(67,201)	19,223
Inventory	(18,305)	(312)	(2,046)	(16,272)
Other current assets	12,140	(12,578)	(2,548)	6,726
Other long-term assets	(786)	(12,301)	665	(5,458)
Trade accounts payable and accrued liabilities	(63,389)	30,538	8,625	(47,375)
Income taxes payable	(5,892)	(66)	3,810	9,952
Other long-term liabilities	45,045	30,157	(8,980)	69
Net cash provided by (used for) operating activities	455,941	301,100	107,239	154,050
Cash flows from investing activities:				
Purchases of investments	(28,083)	(19,000)		
Purchase of investments			(7,544)	(11,385)
Capital expenditures	(406,695)	(272,080)	(104,627)	(118,734)
Proceeds from sales of assets	9,677	24,030	5,502	1,982
Other	(3,873)	48	40	6
Net cash (used for) provided by investing activities	(428,974)	(267,002)	(106,629)	(128,131)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	250,000	—	—	250,000



Reduction in long-term debt	(296,547)	(133,853)	(631,043)	(232,549)
Debt issuance costs	(8,036)	(3,864)	(1,343)	(7,870)
Proceeds from revolving credit facilities	220,000	250,000	75,000	85,000
Reduction in revolving credit facilities	(220,000)	(710,000)	(75,000)	(85,000)
Proceeds from issuance of common shares, net of issuance costs	—	3,767		
Payments for employee taxes on net settlement of equity awards	(7,079)	(4,523)	(2,634)	(7,071)
Dividends to common and preferred shareholders	(194)	(65)	(87)	(194)
Distributions to noncontrolling interest	(2,269)	(3,489)		
Distribution of trust account for special purpose acquisition company	(186,933)	—		
Sale of non-controlling interest - special purpose acquisition company	305,000	—		
Other	274	(445)		
Net cash (used for) provided by financing activities	54,216	(602,472)	(635,107)	2,316
Effect of exchange rate changes on cash and cash equivalents	(10,773)	(863)	(5,910)	(3,846)
Net increase (decrease) in cash and cash equivalents and restricted cash	70,410	(569,237)	(640,407)	24,389
Cash and cash equivalents and restricted cash, beginning of period	737,140	1,273,510	1,374,182	737,140
Cash and cash equivalents and restricted cash, end of period	\$ 807,550	\$ 704,273	\$ 733,775	\$ 761,529
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>				
Cash and cash equivalents, beginning of period	451,025	991,471	1,057,487	451,025
Restricted cash, beginning of period	286,115	282,039	316,695	286,115
Cash and cash equivalents and restricted cash, beginning of period	\$ 737,140	\$ 1,273,510	\$ 1,374,182	\$ 737,140
Cash and cash equivalents, end of period	387,483	420,307	412,864	469,438
Restricted cash, end of period	420,067	283,966	320,911	292,091
Cash and cash equivalents and restricted cash, end of period	\$ 807,550	\$ 704,273	\$ 733,775	\$ 761,529

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 in Excess	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Loss)	Treasury Shares	Non- controlling Interest	Total Equity
(In thousands, except per share amounts)	Shares	Par Value	of Par Value					
As of June 30, 2022	10,509	\$ 525	\$ 3,528,440	\$ (9,956)	\$ (1,750,058)	\$ (1,315,751)	\$ 147,602	\$ 600,802
Net income (loss)	—	—	—	—	(13,783)	—	9,322	(4,461)
Other comprehensive income (loss), net of tax	—	—	—	(1,611)	—	—	—	(1,611)
Share-based compensation	—	—	4,024	—	—	—	—	4,024
Accrued distribution on redeemable noncontrolling interest in subsidiary	—	—	—	—	(2,601)	—	—	(2,601)

Other	(2)	—	(89)	—	101	—	—	12
As of September 30, 2022	10,507	\$ 525	\$ 3,532,375	\$ (11,567)	\$ (1,766,341)	\$ (1,315,751)	\$ 156,924	\$ 596,165
As of June 30, 2023	10,635	\$ 531	\$ 3,537,574	\$ (10,290)	\$ (1,809,414)	\$ (1,315,751)	\$ 189,022	\$ 591,672
Net income (loss)	—	—	—	—	(48,916)	—	17,672	(31,244)
Other comprehensive income (loss), net of tax	—	—	—	(132)	—	—	—	(132)
Share issuance adjustment, net of tax	—	(4)	(6,196)	—	4,824	—	—	(1,376)
Share-based compensation	—	—	4,350	—	—	—	—	4,350
Vesting of restricted stock awards, net of shares withheld for employee taxes	(1)	—	—	—	—	—	—	—
IPO Warrants to SPAC public shareholders	—	—	—	—	—	—	3,426	3,426
Deemed dividends to SPAC public shareholders	—	—	—	—	(823)	—	(17,556)	(18,379)
Noncontrolling interest contributions (distributions)	—	—	—	—	—	—	7,374	7,374
Accrued distribution on redeemable noncontrolling interest in subsidiary	—	—	—	—	(7,517)	—	—	(7,517)
Other	—	—	—	—	(2)	—	—	(2)
As of September 30, 2023	10,634	\$ 527	\$ 3,535,728	\$ (10,422)	\$ (1,861,848)	\$ (1,315,751)	\$ 199,938	\$ 548,172

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(In thousands, except per share amounts)																
	Common Shares		Capital	Accumulated	Retained				Common Shares		Capital	Accumulated	Retained			
	Par		in Excess of Par	Other Comprehensive	Earnings (Accumulated Loss)	Treasury Shares	Non-controlling Interest	Total Equity	Par		in Excess of Par	Other Comprehensive	Earnings (Accumulated Loss)			
As of December 31, 2021	9,295	\$ 466	\$3,454,563	\$ (10,634)	\$ (1,537,988)	\$ (1,315,751)	\$ 128,282	\$ 718,938								
Impact of adoption of ASU 2020-06 (Note 2)	—	—	(81,881)	—	60,701	—	—	(21,180)								
As of January 1, 2022	9,295	466	3,372,682	(10,634)	(1,477,287)	(1,315,751)	128,282	697,758								
As of December 31, 2022	10,505	\$ 525	\$3,536,373	\$ (11,038)	\$ (1,841,153)	\$ (1,315,751)	\$ 189,022	\$ 591,672								
Net income (loss)	—	—	—	—	(281,196)	—	32,132	(249,064)	—	—	—	—	49,224			
Warrant Exercise, net of tax	1,051	52	152,451	—	—	—	—	152,503								



Net income									
(loss)	—	—	—	—	4,919	—	41,128	46,047	
IPO Warrants									
to SPAC public									
shareholders	—	—	—	—	—	—	3,426	3,426	
Share									
issuance									
adjustment, net									
of tax	—	(4)	(6,196)	—	4,824	—	—	(1,376)	
Other									
comprehensive									
income (loss),									
net of tax	—	—	—	616	—	—	—	616	
Noncontrolling									
interest									
contributions									
(distributions)	—	—	—	—	—	—	5,105	5,105	
Vesting of									
restricted stock									
awards, net of									
shares									
withheld for									
employee									
taxes	(50)	(2)	(7,077)	—	—	—	—	(7,079)	
Share-based									
compensation	179	8	12,663	—	—	—	—	12,671	
Deemed									
dividends to									
SPAC public									
shareholders	—	—	—	—	(8,180)	—	(17,556)	(25,736)	
Accrued									
distribution on									
redeemable									
noncontrolling									
interest in									
subsidiary	—	—	—	—	(22,307)	—	—	(22,307)	
Other	—	—	(35)	—	49	—	—	14	
As of									
September 30,									
2023	10,634	\$ 527	\$3,535,728	\$ (10,422)	\$ (1,861,848)	\$ (1,315,751)	\$ 199,938	\$ 548,172	
As of March									
31, 2024							10,702	\$ 535	\$3,540,409
							\$ (10,925)	\$ (1,927,930)	\$ (1,387,446)

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

## 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 September 30, 2023 March 31, 2024 included:

- 298 291 actively marketed rigs for land-based drilling operations in the United States and various countries throughout the world; and
- 28 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 September 30, 2023, 0.9% March 31, 2024 and 2023, 0.8% and 1.1% of our property, plant and equipment, net was located in Russia. Russia, respectively. For the nine three months ending September 30, 2023, March 31, 2024 and 2023, 0.8% and 1.2% of our operating revenues were from operations in Russia. 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, 2022 December 31, 2023 ("2022 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 September 30, 2023 March 31, 2024 and the results of operations, comprehensive income (loss), cash flows and changes in equity for the periods presented herein. Interim results for the nine three months ended September 30, 2023 March 31, 2024 may not be indicative of results that will be realized for the full year ending December 31, 2023 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 potentially be significant to the VIE. Our joint venture, SANAD, which is equally owned by Saudi Aramco and Nabors,

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 two a special purpose acquisition companies (SPACs) company (SPAC) and have determined each it is a VIE. Nabors is the primary beneficiary of each the SPAC as we have the power to direct their activities, the right to receive benefits and the obligation to absorb losses. Therefore, both SPACs have the SPAC has been consolidated. See Note 13—Special Purpose Acquisition Companies. Company.

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 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:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	<u>(In thousands)</u>			
			<u>(In thousands)</u>	
Raw materials	\$ 135,069	\$ 118,351	\$136,463	\$ 144,886
Work-in-progress	9,962	6,121	10,806	2,912
Finished goods	<u>1,223</u>	<u>3,475</u>	<u>2,520</u>	<u>—</u>
	<u>\$ 146,254</u>	<u>\$ 127,947</u>	<u>\$149,789</u>	<u>\$ 147,798</u>

*Not Yet Adopted*

In August 2020, November 2023, the Financial Accounting Standards Board ("FASB") FASB issued ASU 2020-06, 2023-07, *Debt with Conversion 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 Other Options (Subtopic 470-20) included within each reported measure of segment profit or loss, an amount and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40). This ASU (a) simplifies an issuer's accounting description of its composition for convertible instruments by eliminating two other segment items to reconcile to segment profit or loss. The guidance also requires disclosure of the three models in ASC 470-20 that require separate accounting CODM's position for embedded conversion features, (b) amends diluted EPS calculations each segment and detail of how the CODM uses financial reporting to access their segment's performance. The new guidance is effective for convertible instruments by requiring the use of the if-converted method fiscal years beginning after December 15, 2023 and (c) simplifies the settlement assessment entities are required to perform on contracts that can potentially settle in an entity's own equity by removing certain requirements. ASU 2020-06 was required to interim periods within fiscal years beginning after December 15, 2024, and should be adopted on January 1, 2022, applied retrospectively. The adoption of this ASU was determined not 2023-07 requires us to be

material provide additional disclosures related to our condensed consolidated segments, but otherwise does not materially impact our financial statements. Using

In December 2023, the modified retrospective method, FASB issued ASU 2023-09, Income Taxes (Topic 740): *Improvement to Income Tax Disclosures*, to enhance the adoption 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 ASU resulted in a pre-tax adjustment of \$27.5 million to eliminate the remaining unamortized debt discount within long-term debt accounting standard update on our condensed consolidated balance sheet. Also, we recognized the cumulative effect of this change as a \$60.7 million adjustment to the opening balance of retained earnings (accumulated deficit) financial statements and an \$81.9 million adjustment to capital in excess of par in our condensed consolidated statement of changes in equity for year ended December 31, 2022. 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.

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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 if 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the amount included in redeemable noncontrolling interest was \$416.1 million \$430.9 million and \$393.8 million \$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. In 2022 and 2021, SANAD settled approximately \$20.6 million and \$120 million, respectively, of the accrued interest from inception, by making cash payments to each partner for their respective amounts. The assets and liabilities included

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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.

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(In thousands)		(In thousands)	
Assets:				
Cash and cash equivalents	\$ 274,545	\$ 302,949	\$ 253,995	\$ 281,329
Accounts receivable	86,772	92,922	158,819	86,461
Other current assets	13,413	14,750	19,807	12,461
Property, plant and equipment, net	614,159	489,358	668,924	646,215
Other long-term assets	25,103	21,278	26,355	25,099
Total assets	<u>\$ 1,013,992</u>	<u>\$ 921,257</u>	<u>\$ 1,127,900</u>	<u>\$ 1,051,565</u>
Liabilities:				
Accounts payable	\$ 88,836	\$ 62,409	\$ 109,443	\$ 88,432
Accrued liabilities	4,617	6,639	20,153	10,301
Other liabilities	36,816	36,312	48,069	38,524
Total liabilities	<u>\$ 130,269</u>	<u>\$ 105,360</u>	<u>\$ 177,665</u>	<u>\$ 137,257</u>

#### 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 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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** is approximately **\$52.3 million** **\$58.0 million** and **\$62.3 million** **\$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.



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.

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 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 September 30, 2023 March 31, 2024, approximately \$174.0 million \$157.0 million had been sold to and as yet uncollected by the Purchasers. As of December 31, 2022 December 31, 2023, the corresponding number was approximately \$208.0 million \$145.0 million.

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### Note 5 Debt

Debt consisted of the following:

	September 30, 2023	December 31, 2022
	(In thousands)	
5.10% senior notes due September 2023 (1)	\$ —	\$ 52,004
0.75% senior exchangeable notes due January 2024 (2)	155,529	177,005
5.75% senior notes due February 2025	474,092	474,092
9.00% senior priority guaranteed notes due February 2025	—	209,384
7.25% senior guaranteed notes due January 2026	557,902	557,902
7.375% senior priority guaranteed notes due May 2027	700,000	700,000
7.50% senior guaranteed notes due January 2028	389,609	389,609
1.75% senior exchangeable notes due June 2029	250,000	—
	<u>\$ 2,527,132</u>	<u>\$ 2,559,996</u>
Less: deferred financing costs	25,793	22,456
Long-term debt	<u>\$ 2,501,339</u>	<u>\$ 2,537,540</u>

(1) The 5.10% senior notes due September 2023 were classified as long-term as of December 31, 2022, because we had the ability and intent to refinance these obligations utilizing our 2022 Credit Agreement.

(2) The 0.75% senior exchangeable notes due January 2024 were classified as long-term as of September 30, 2023, because we had the ability and intent to refinance these obligations utilizing our 2022 Credit Agreement.

	March 31, 2024	December 31, 2023
	(In thousands)	
0.75% senior exchangeable notes due January 2024	\$ —	\$ 155,529
5.75% senior notes due February 2025	—	474,092
7.25% senior guaranteed notes due January 2026	555,902	555,902
7.375% senior priority guaranteed notes due May 2027	700,000	700,000

7.50% senior guaranteed notes due January 2028	389,609	389,609
1.75% senior exchangeable notes due June 2029	250,000	250,000
9.125% senior priority guaranteed notes due January 2030	650,000	650,000
	<u>\$ 2,545,511</u>	<u>\$ 3,175,132</u>
Less: current portion	—	629,621
Less: deferred financing costs	<u>33,336</u>	<u>33,992</u>
Long-term debt	<u>\$ 2,512,175</u>	<u>\$ 2,511,519</u>

During the nine three months ended September 30, 2023 March 31, 2024, we repurchased \$230.9 million aggregate principal amount fully redeemed the \$474.1 million remaining balance of outstanding Nabors Delaware's the 5.75% senior notes due February 2025 for approximately \$236.8 million \$487.0 million in cash, including principal, premium of \$4.7 million \$1.4 million and \$1.9 million \$11.5 million in accrued and unpaid interest. In connection with these repurchases, we recognized a \$25.2 million gain \$2.6 million loss for the nine three months ended September 30, 2023 March 31, 2024 which is included in Other, net in our condensed consolidated statement of income (loss). \$24.5 million of the gain recognized was related to accrued interest for the 9.00% senior priority guaranteed notes due February 2025 accounted for in accordance with ASC 470-60, Troubled Debt Restructuring by Debtors. In addition, the remaining balance of the 5.10% senior notes due September 2023 of \$52.1 million was fully redeemed in June 2023.

#### **1.75% Senior Exchangeable Notes Due June 2029**

In February 2023, Nabors Delaware issued \$250.0 million in aggregate principal amount of 1.75% 0.75% senior exchangeable notes due 2029, which are January 2024 were fully and unconditionally guaranteed by Nabors. The notes bear interest at a rate of 1.75% per year payable semiannually on June 15 and December 15 of each year, beginning on December 15, 2023. As of September 30, 2023, there was \$250.0 million in aggregate principal amount that remained outstanding.

The 1.75% exchangeable notes are exchangeable, only under certain conditions, at an exchange rate of 4.7056 common shares of Nabors per \$1,000 principal amount of exchangeable notes (equivalent to an exchange price of approximately \$212.51 per common share). Upon any exchange, Nabors will settle its exchange obligation in cash, common shares of Nabors, or a combination of cash and common shares, at our election. The 1.75% exchangeable notes are redeemable, in whole or in part, at our option at any time on or after June 15, 2026 only if the last reported sale price per common shares exceed 130% of the exchange price on (1) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading days immediately before the date of the related redemption notice; and (2) the trading day immediately before we send such notice, at a cash redemption price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest. If a "fundamental change" (as defined in the Indenture) occurs, subject to certain conditions, holders may require us to repurchase for cash any or all of their 1.75% exchangeable notes at a repurchase price equal to 100% of the principal amount of the 1.75% exchangeable notes to be repurchased, plus accrued and unpaid interest. Based on our assessment of the features of the 1.75% exchangeable notes, it was determined that there are features that need to be assessed for bifurcation as a derivative. As part of the assessment, the features were either not required to be bifurcated based on accounting guidance or would have no value if bifurcated.

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#### **0.75% Senior Exchangeable Notes Due January 2024**

In January 2017, Nabors Delaware issued \$575.0 million in aggregate principal amount of 0.75% exchangeable senior unsecured notes due 2024, which are fully and unconditionally guaranteed by Nabors. The notes bear interest at a rate of 0.75% per year payable semiannually on January 15 and July 15 of each year, beginning on July 15, 2017. As of September 30, 2023 and December 31, 2022, there was approximately \$155.5 million and \$177.0 million in aggregate principal amount that remained outstanding, respectively.

The 0.75% exchangeable notes are currently exchangeable, under certain conditions, at an exchange rate of .8018 common shares of Nabors per \$1,000 principal amount of 0.75% exchangeable notes (equivalent to an exchange price of approximately \$1,247.19 per common

share). Upon any exchange, as a result of an amendment to the notes, Nabors Delaware will settle its exchange obligation in cash. If a "fundamental change" (as defined in the Indenture) occurs, subject to certain conditions, holders may require us to repurchase for cash any or all of their 0.75% exchangeable notes at a repurchase price equal to 100% of the principal amount of the 0.75% exchangeable notes to be repurchased, plus accrued and unpaid interest. The 0.75% exchangeable notes were originally bifurcated for accounting purposes into debt and equity components of \$411.2 million and \$163.8 million, respectively, based on the terms of the notes and the relative fair value at the issuance date. The adoption of ASU 2020-06 effective January 1, 2022 resulted in a pre-tax adjustment of \$27.5 million to eliminate the remaining unamortized debt discount, 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"). Under the 2022 Credit Agreement, the Lenders have committed to provide to Nabors Delaware up to an aggregate principal amount at any time outstanding not in excess of \$350.0 million (with an accordion feature for an additional \$100.0 million, subject to lender approval) 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.

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 on a quarterly basis, 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 the earlier January 21, 2026.

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[Table of \(a\) January 21, 2026 and \(b\) to the extent any principal amount of Nabors Delaware's existing 5.75% senior notes due 2025 remains outstanding on the date that is 90 days prior to the applicable maturity date for such indebtedness, then such 90th day. Contents](#)

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 basket of up to \$100.0 million). The agreement also includes a collateral coverage requirement that the collateral 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 September 30, 2023 March 31, 2024, we had no borrowings and \$47.1 million of letters of credit outstanding under our 2022 Credit Agreement. The weighted average interest rate on borrowings under the 2022 Credit Agreement at September 30, 2023 March 31, 2024 was 8.02% 8.19%. In order to make any future borrowings under the 2022 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. We had \$45.7 million of letters of credit outstanding under the 2022 Credit Agreement as of September 30, 2023.

As of the date of this report, we were in compliance with all covenants under the 2022 Credit Agreement. We expect to remain in compliance with all covenants under the 2022 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

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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.

## 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 September 30, 2023 March 31, 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 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. Effective March 21, 2022, the 0.75% Exchangeable Notes due 2024 were removed from the list of Designated Notes and 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 value is recognized in the Company's statement of operations. On September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the fair value of the Warrants was approximately \$36.3 million \$20.2 million and \$80.9 million \$25.9 million, respectively. During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, approximately \$7.9 million \$5.7 million and \$34.3 million of loss and \$44.3 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 nine months ended September 30, 2022, approximately \$34.0 million of gain and \$63.0 million of loss 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;

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- 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 consisted of short-term investments and restricted cash held in trust. During the nine three months ended September 30, 2023 March 31, 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, our restricted cash held in trust was carried at fair market value and totaled \$418.1 million \$319.7 million and \$284.8 \$315.5 million, respectively, and our short-term investments was primarily held at cost and totaled \$12.7 million and \$12.7 million, respectively, and respectively. Both accounts consisted of Level 1 measurements. No material Level 2 or 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 consisted of the Warrants and are included in other long-term liabilities in the accompanying consolidated financial statements. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Warrants were carried at fair market value using their trading price and totaled \$36.3 million \$20.2 million and \$80.9 million \$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 were considered generally include Level 3 inputs, but could include Level 1 and 2 inputs.

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***Fair Value of Debt Instruments***

				September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
				Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
				(In thousands)							
5.10%	senior	notes	due								
September 2023				\$	—	\$	—	\$	52,004	\$	51,354
				(In thousands)							
0.75%	senior	exchangeable									
notes due January 2024					155,529		152,616		177,005		164,898
5.75%	senior	notes	due								
February 2025					474,092		464,748		474,092		454,773
9.00%	senior	priority									
guaranteed notes due February 2025					—		—		209,384		213,507
7.25%	senior	guaranteed	notes								
due January 2026					557,902		540,373		557,902		529,432
7.375%	senior	priority									
guaranteed notes due May 2027					700,000		679,504		700,000		686,686
7.50%	senior	guaranteed	notes								
due January 2028					389,609		359,843		389,609		354,400
1.75%	senior	exchangeable									
notes due June 2029					250,000		221,113		—		—
9.125%	senior	priority									
guaranteed notes due January 2030									650,000		676,195
					\$ 2,527,132		\$ 2,418,196		\$ 2,559,996		\$ 2,455,050
									\$2,545,511		\$2,480,524
Less: current portion											629,621
Less: deferred financing costs					25,793		22,456		33,336		33,992
					\$ 2,501,339		\$ 2,537,540		\$2,512,175		\$2,511,519

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**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 \$20.6 million \$21.0 million (at September 30, 2023 March 31, 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

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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 \$12.6 million \$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				
2023	2024	2025	Thereafter	Total	2024	2025	2026	Thereafter	Total
(In thousands)									





Net income (loss) (numerator):							
Income (loss), net of tax	\$ (31,244)	\$ (4,461)	\$ 46,047	\$ (249,064)	\$ (9,002)	\$ 61,060	
Less: net (income) loss attributable to noncontrolling interest	(17,672)	(9,322)	(41,128)	(32,132)	(25,331)	(11,836)	
Less: deemed dividends to SPAC public shareholders	(823)	—	(8,180)	—			
Less: accrued distribution on redeemable noncontrolling interest in subsidiary	(7,517)	(2,601)	(22,307)	(7,720)	(7,283)	(7,354)	
Less: distributed and undistributed earnings allocated to unvested shareholders					—	(1,702)	
Numerator for basic earnings per share:							
Adjusted income (loss), net of tax - basic	\$ (57,256)	\$ (16,384)	\$ (25,568)	\$ (288,916)	\$ (41,616)	\$ 40,168	
Weighted-average number of shares outstanding - basic							
	9,148	9,099	9,168	8,830	9,176	9,160	
Earnings (losses) per share:							
Total Basic	\$ (6.26)	\$ (1.80)	\$ (2.79)	\$ (32.72)	\$ (4.54)	\$ 4.39	
<b>DILUTED EPS:</b>							
Adjusted income (loss) from continuing operations, net of tax - basic							
					\$ (41,616)	\$ 40,168	
Add: after tax interest expense of convertible notes					—	424	
Add: effect of reallocating undistributed earnings of unvested shareholders					—	9	
Adjusted income (loss), net of tax - diluted	\$ (57,256)	\$ (16,384)	\$ (25,568)	\$ (288,916)	\$ (41,616)	\$ 40,601	
Weighted-average number of shares outstanding - basic							
					9,176	9,160	
Add: if converted dilutive effect of convertible notes					—	659	
Add: dilutive effect of potential common shares					—	48	
Weighted-average number of shares outstanding - diluted							
	9,148	9,099	9,168	8,830	9,176	9,867	
Earnings (losses) per share:							
Total Diluted	\$ (6.26)	\$ (1.80)	\$ (2.79)	\$ (32.72)	\$ (4.54)	\$ 4.11	

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.

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 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		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Potentially dilutive securities excluded as anti-dilutive	3,370	3,369	3,383	3,369

	Three Months Ended	
	March 31,	
	2024	2023
Potentially dilutive securities excluded as anti-dilutive	3,382	3,378

Additionally, for the three and nine months ended September 30, 2023 March 31, 2024, we excluded 1.2 and 1.0 million 1.2 million common shares from the computation of diluted shares related to the conversion of the 1.75% senior exchangeable notes due June 2029, because their effect would be anti-dilutive under the if-converted method, respectively.

#### Note 10 Supplemental Balance Sheet and Income Statement Information

Accrued liabilities included the following:

	March 31,	December 31,
	2024	2023
	(In thousands)	
Accrued compensation	\$ 58,662	\$ 58,769
Deferred revenue	28,877	29,233
Other taxes payable	32,217	41,322
Workers' compensation liabilities	6,588	6,588
Interest payable	57,174	57,607
Litigation reserves	20,599	19,924
Other accrued liabilities	15,595	16,797
	<u>\$ 219,712</u>	<u>\$ 230,240</u>

Investment income (loss) includes the following:

	Three Months Ended	
	March 31,	
	2024	2023
	(In thousands)	
Interest and dividend income	\$ 10,192	\$ 9,514
Gains (losses) on marketable securities	9	352
	<u>\$ 10,201</u>	<u>\$ 9,866</u>

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#### Note 10 Supplemental Balance Sheet and Income Statement Information

	September 30, 2023	December 31, 2022
	(In thousands)	
Accrued compensation	\$ 60,965	\$ 64,926
Deferred revenue	31,511	37,808
Other taxes payable	35,263	39,621
Workers' compensation liabilities	6,588	6,588
Interest payable	41,887	69,174
Litigation reserves	26,979	18,681
Other accrued liabilities	9,781	10,777
	<u>\$ 212,974</u>	<u>\$ 247,575</u>

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	(In thousands)			
Interest and dividend income	\$ 10,041	\$ 4,814	\$ 30,573	\$ 6,535
Gains (losses) on marketable securities	128	(1)	1,205	(737)
	<u>\$ 10,169</u>	<u>\$ 4,813</u>	<u>\$ 31,778</u>	<u>\$ 5,798</u>

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>		<b>Three Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>		<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2024</b>	<b>2023</b>
	(In thousands)					
Losses (gains) on sales, disposals and involuntary conversions of long-lived assets	\$ 7,054	\$ 4,650	\$ 7,982	\$ 1,129		
					(In thousands)	
Losses on sales, disposals and involuntary conversions of long-lived assets					\$ 4,603	\$ 336
Energy transition initiatives	173	—	7,893	—	308	7,100
Warrant and derivative valuation	7,637	(34,049)	(44,578)	59,684	(5,679)	(34,314)
Litigation expenses and reserves	13,660	4,335	20,815	12,463	2,550	2,603
Foreign currency transaction losses (gains)	4,915	(877)	21,725	(4,054)		
(Gain) loss on debt buyback	(103)	(1,259)	(25,202)	(3,236)		
Foreign currency transaction losses					11,394	6,454
Loss (gain) on debt buyback					2,576	(24,856)
Other losses (gains)	2,210	1,246	2,761	2,989	356	302
	\$ 35,546	\$ (25,954)	\$ (8,604)	\$68,975	\$16,108	\$(42,375)

(1) All amounts are net of tax.

(1) All amounts are net of tax.

	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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	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	—	—	496	496
Amounts reclassified from accumulated other comprehensive income (loss)	—	120	—	120
Net other comprehensive income (loss)	—	120	496	616
As of September 30, 2023	\$ 2	\$ (3,647)	\$ (6,777)	\$ (10,422)

(1) All amounts are net of tax.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In thousands)			
General and administrative expenses	\$ 52	\$ 52	\$ 156	\$ 156
Total income (loss) before income tax	(52)	(52)	(156)	(156)
Tax expense (benefit)	(12)	(12)	(36)	(36)
Reclassification adjustment for (gains)/ losses included in net income (loss)	\$ (40)	\$ (40)	\$ (120)	\$ (120)

#### Note 11 Segment Information

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

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
	(In thousands)				(In thousands)	
Operating revenues:						
U.S. Drilling	\$ 276,385	\$ 297,178	\$ 941,867	\$ 767,769	\$ 271,989	\$ 350,652
International Drilling	344,780	306,355	1,002,478	881,705	349,359	320,048
Drilling Solutions	72,831	61,981	224,729	172,042	75,574	75,043







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					
	September 30, 2023					
	U.S. Drilling	International Drilling	Drilling Solutions	Rig Technologies	Other	Total
	(In thousands)					
Lower 48	\$ 241,900	\$ —	\$ 45,646	\$ 27,453	\$ —	\$ 314,999
U.S. Offshore Gulf of Mexico	25,768	—	2,974	—	—	28,742
Alaska	8,717	—	469	—	—	9,186
Canada	—	—	467	1,526	—	1,993
Middle East & Asia	—	243,691	10,550	27,430	—	281,671
Latin America	—	86,665	11,885	3,265	—	101,815
Europe, Africa & CIS	—	14,424	840	1,763	—	17,027
Eliminations & other	—	—	—	—	(21,459)	(21,459)
Total	\$ 276,385	\$ 344,780	\$ 72,831	\$ 61,437	\$ (21,459)	\$ 733,974

	Nine Months Ended						Three Months Ended					
	September 30, 2023						March 31, 2024					
	U.S. Drilling	International Drilling	Drilling Solutions	Rig Technologies	Other	Total	U.S. Drilling	International Drilling	Drilling Solutions	Rig Technologies	Other	Total
	(In thousands)						(In thousands)					
Lower 48	\$820,927	\$ —	\$ 148,587	\$ 92,069	\$ —	\$1,061,583	\$232,124	\$ —	\$ 44,704	\$ 24,060	\$ —	\$300,888
U.S. Offshore Gulf of Mexico	89,744	—	8,929	—	—	98,673	28,694	—	2,857	—	—	31,551
Alaska	31,196	—	1,450	—	—	32,646	11,171	—	681	—	—	11,852
Canada	—	—	1,137	5,539	—	6,676	—	—	434	1,723	—	2,157
Middle East & Asia	—	704,918	32,587	70,190	—	807,695	—	251,240	10,955	19,173	—	281,368
Latin America	—	251,300	30,446	7,776	—	289,522	—	84,300	15,715	3,770	—	103,785

Three Months Ended						
March 31, 2023						
U.S.	International	Drilling	Rig			
Drilling	Drilling	Solutions	Technologies	Other	Total	

Three Months Ended						
September 30, 2022						
U.S.	International	Drilling	Rig			
Drilling	Drilling	Solutions	Technologies	Other	Total	

		Nine Months Ended			
		September 30, 2022			
U.S.	International	Drilling	Rig		
Drilling	Drilling	Solutions	Technologies	Other	Total
(In thousands)					

Lower 48	\$ 627,774	\$ —	\$ 110,527	\$ 77,677	\$ —	\$ 815,978
U.S. Offshore Gulf of Mexico	91,481	—	8,079	—	—	99,560
Alaska	48,514	—	1,284	—	—	49,798
Canada	—	—	1,146	3,573	—	4,719
Middle East & Asia	—	590,678	29,520	43,128	—	663,326
Latin America	—	226,866	20,840	89	—	247,795
Europe, Africa & CIS	—	64,161	646	7,859	—	72,666
Eliminations & other	—	—	—	—	(60,224)	(60,224)
Total	\$ 767,769	\$ 881,705	\$ 172,042	\$ 132,326	\$ (60,224)	\$ 1,893,618

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### **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.

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



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

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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.

**NETC**

In November 2021, Nabors Energy Transition Corp. ("NETC") cosponsored by Nabors and Greens Road Energy LLC completed its' initial public offering. Greens Road Energy LLC The SPAC is owned by certain members of Nabors' board of directors and management team. As part of the initial public offering of NETC and subsequent private placement warrant transactions, \$281.5 million was deposited in a Trust Account. At a special meeting held on May 11, 2023, \$186.9 million was distributed from the Trust Account to NETC's stockholders who exercised their right to redeem their shares for a pro rata portion of the funds consolidated VIE included in the Trust Account, accompanying consolidated financial statements under Restricted cash held in trust and Redeemable noncontrolling interest in subsidiary. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Trust Account balance and non-controlling interest subject to possible redemption was \$106.9 million \$319.7 million and \$284.8 million \$315.5 million, respectively.

Approximately \$106.9 million and \$284.8 million of 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 as of September 30, 2023 and December 31, 2022, respectively. statements.

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

	2023
	(In thousands)
Balance, beginning of year	\$ 284,841
Redemptions	(186,933)
Net earnings	4,715
Nabors deemed dividends to SPAC public shareholders	2,597
Noncontrolling interest deemed dividends to SPAC public shareholders	1,641
Balance as of September 30	\$ 106,861

In February 2023, NETC entered into a definitive agreement for a business combination with Vast Solar Pty Ltd ("Vast"), a development-stage company specializing in the design and manufacturing of concentrated solar thermal power (CSP) systems. The agreement is subject to certain customary closing conditions. The company continues to evaluate what the accounting treatment for its investment in NETC will be after the business combination is complete.

NETC has until November 19, 2023 (or up to December 19, 2023 if extended pursuant to its' charter) to consummate a business combination. It is uncertain that NETC will be able to consummate a business combination by this time. If a business combination is not consummated by this date, there will be a mandatory liquidation and subsequent dissolution of NETC.

**NETC II**

In July 2023, Nabors Energy Transition Corporation II ("NETC II") co-sponsored by Nabors and Greens Road Energy II LLC, completed its initial public offering of 30,500,000 units at \$10.00 per unit, generating gross proceeds of approximately \$305.0 million. Greens Road Energy II LLC is owned by certain members of Nabors' management team. 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, of which 4,348,000 warrants were purchased by related parties including certain Nabors officers and employees, with the remainder being purchased by a subsidiary of Nabors. As part of the initial public offering of NETC II and subsequent private placement warrant transactions, \$308.1 million was deposited in a Trust Account on July 18, 2023. As of September 30, 2023, the Trust Account balance was \$311.3 million.

Approximately \$311.3 million of 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 as of September 30, 2023.

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

	2023	2024
	(In thousands)	(In thousands)
Balance, beginning of year	\$ —	\$ 315,488
Initial public offering	294,474	
Net earnings	3,214	4,242
Nabors deemed dividends to SPAC public shareholders	5,583	
Noncontrolling interest deemed dividends to SPAC public shareholders	7,993	
Balance as of September 30	\$ 311,264	
Balance as of March 31		\$ 319,730

## 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;

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- our ability to retain skilled employees;
- our ability to complete, and realize the expected benefits of, strategic transactions;
- 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 2022 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, cycles and geopolitical uncertainties particularly those impacting large hydrocarbon producing countries. Additionally, some certain oil and gas companies may intentionally limit their capital spending as they focus on generating returns to a percentage of their operating cash flows. Shareholders as opposed to maximizing hydrocarbon production.

During 2022, global oilfield activity substantially returned to pre-COVID levels. Since late 2022 and through 2023, global energy commodity markets have experienced higher high levels of volatility, in part due to the disruptions and effects of the war in Ukraine. volatility. In the U.S., operators generally reacted to the conflict this market 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, have declined significantly since the third quarter of 2022. In turn, gas-directed activity decreased. More recently, the anticipated completion of several large liquefied natural gas terminals currently under construction on the U.S. Gulf Coast has in part led to an increase in natural gas prices. The increase in natural gas demand from these facilities through 2023 and in natural gas prices could lead to greater demand for related oilfield services.

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### Recent Developments

#### 1.75% Senior Exchangeable Notes Due June 2029

In February 2023, Nabors Delaware issued \$250.0 million in aggregate principal amount of 1.75% senior exchangeable notes due 2029, which are fully and unconditionally guaranteed by Nabors. The notes bear interest at a rate of 1.75% per year payable semiannually on June 15 and December 15 of each year, beginning on December 15, 2023.

The exchangeable notes are currently exchangeable, under certain conditions, at an exchange rate of 4.7056 common shares of Nabors per \$1,000 principal amount of exchangeable notes (equivalent to an exchange price of approximately \$212.51 per common share). Upon any exchange, Nabors will settle its exchange obligation in cash, common shares of Nabors, or a combination of cash and common shares, at our election.

#### NETC Merger Agreement

In February 2023, NETC entered into a definitive agreement for a business combination with Vast, a development-stage company specializing in the design and manufacturing of concentrated solar thermal power (CSP) systems. The agreement is subject to certain customary closing conditions, and is expected to close in the fourth quarter.

#### Nabors Energy Transition Corporation II 2024.

In July early 2023 NETC II, a special purpose acquisition company, commonly referred to as a "SPAC", co-sponsored by Nabors and Greens Road Energy II LLC, completed its initial public offering of 30,500,000 units at \$10.00 per unit, generating gross proceeds of approximately \$305.0 million. Greens Road Energy II LLC is owned by certain members of Nabors' management team. 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, of which 4,348,000 warrants were purchased by related parties including certain Nabors officers and employees, with the remainder being purchased economic sentiment was overshadowed by a subsidiary pervasive concern that a global recession would take hold. The U.S. Federal Reserve's tightening of Nabors. NETC II was formed for the sole purpose of effecting a merger, interest rates reduced capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses with significant growth potential and to create value by supporting the company availability in the public markets. NETC II intends U.S energy market. Rig counts in the U.S. Lower 48 continued to identify solutions, opportunities, companies or technologies that focus on advancing decline throughout the energy transition; specifically ones that facilitate, improve or complement year. Despite the reduction in rig count, rig pricing discipline remained intact.

U.S. oil and gas production has proved resilient in 2024 in the face of carbon or greenhouse gas emissions while satisfying growing energy consumption 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 across markets globally, those markets.

#### Comparison of the three months ended September 30, 2023 March 31, 2024 and 2022 2023

Operating revenues for the three months ended September 30, 2023 March 31, 2024 totaled \$734.0 million \$733.7 million, representing an increase a decrease of \$39.8 million \$45.4 million, or 6%, compared to the three months ended September 30, 2022 March 31, 2023. For a more detailed description of operating results, see Segment Results of Operations below.

Net loss attributable to Nabors totaled \$48.9 million \$34.3 million (\$6.36 4.54 loss per diluted share) for the three months ended September 30, 2023 March 31, 2024 compared to a net loss income attributable to Nabors of \$13.8 million \$49.2 million (\$1.80 4.11 per diluted share) for the three months ended September 30, 2022, March 31, 2023, or a \$35.1 million increase \$83.6 million decrease in net loss. income. The increase decrease in net loss income is attributable to a decline in U.S. activity which has resulted in a decrease of approximately \$14.6 million in adjusted operating income for our segments from the absence of prior year. In addition, gains related to mark-to-market activity for the common share warrants in and debt buybacks loss during the current year that were present in the prior year which three months ended March 31, 2024 contributed approximately \$41.7 million \$3.1 million to net income compared to gains of \$59.2 million during the three months ended



	2023	2022	Increase/(Decrease)		(In thousands, except percentages and rig activity)			
U.S. Drilling								
Operating revenues	\$ 276,385	\$ 297,178	\$ (20,793)	(7)%	\$ 271,989	\$ 350,652	\$ (78,663)	(22)%
Adjusted operating income (loss) (1)	\$ 49,582	\$ 37,776	\$ 11,806	31 %	\$ 50,529	\$ 85,869	\$ (35,340)	(41)%
Average rigs working (2)	80.4	99.8	(19.4)	(19)%	78.7	100.3	(21.6)	(22)%
International Drilling								
Operating revenues	\$ 344,780	\$ 306,355	\$ 38,425	13 %	\$ 349,359	\$ 320,048	\$ 29,311	9 %
Adjusted operating income (loss) (1)	\$ 9,862	\$ (907)	\$ 10,769	n/m (3)	\$ 22,476	\$ 1,957	\$ 20,519	n/m (3)
Average rigs working (2)	77.2	74.6	2.6	3 %	81.0	76.4	4.6	6 %
Drilling Solutions								
Operating revenues	\$ 72,831	\$ 61,981	\$ 10,850	18 %	\$ 75,574	\$ 75,043	\$ 531	1 %
Adjusted operating income (loss) (1)	\$ 25,341	\$ 20,099	\$ 5,242	26 %	\$ 26,893	\$ 27,138	\$ (245)	(1)%
Rig Technologies								
Operating revenues	\$ 61,437	\$ 50,496	\$ 10,941	22 %	\$ 50,156	\$ 58,479	\$ (8,323)	(14)%
Adjusted operating income (loss) (1)	\$ 4,995	\$ 3,412	\$ 1,583	46 %	\$ 4,209	\$ 3,694	\$ 515	14 %

(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 \$20.8 million \$78.7 million or 7% 22% during the three months ended September 30, 2023 March 31, 2024 compared to the corresponding prior year period in 2022. The decrease in operating revenues was primarily due to a 19% decrease in activity as reflected by a 22% decrease in the average number of rigs working, offset by an increase in average day rates since the third quarter of 2022. Despite the decrease in operating revenues, adjusted operating income increased by \$11.8 million due to lower operating costs as a result of the decrease in average rigs working and from slightly lower depreciation due to the limited capital expenditures over recent years, while pricing remained stable.

#### International Drilling

Operating revenues for our International Drilling segment during the three months ended September 30, 2023 March 31, 2024 increased by \$38.4 million \$29.3 million or 13% 9% compared to the corresponding prior year period. This The increase was due is primarily attributable to a 3% 6% 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. The increase is also attributable to an increase in day rates, as pricing for our services has improved since the third quarter of 2022.

## Drilling Solutions

Operating revenues for this segment increased by ~~\$10.9 million~~ \$0.5 million or ~~18%~~ 1% during the three months ended ~~September 30, 2023~~ March 31, 2024 compared to the corresponding prior year period in ~~2022~~ 2023 as ~~market conditions and an increase in demand for our international and third-party services have improved.~~ 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 ~~increased~~ decreased by ~~\$10.9 million~~ \$8.3 million or ~~22%~~ 14% during the three months ended ~~September 30, 2023~~ March 31, 2024 compared to the corresponding prior year period due to the overall decline in activity in the U.S. as ~~market conditions and demand for our services have improved since~~ mentioned previously. Adjusted operating income was relatively flat despite the ~~prior year,~~ 14% drop in operating revenues, due to a change in mix of business to the higher margin product lines.

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## Other Financial Information

### Interest expense

Interest expense for the three months ended ~~September 30, 2023~~ March 31, 2024 was ~~\$44.0 million~~ \$50.4 million, representing an increase of ~~\$0.2 million~~ \$5.2 million, or 12%, compared to ~~the~~ three months ended ~~September 30, 2022~~ March 31, 2023. The increase was primarily due to an increase in our effective interest rate levels on our outstanding debt throughout the three months ended ~~September 30, 2023~~ March 31, 2024 as compared to the three months ended ~~September 30, 2022~~ March 31, 2023.

### Other, net

Other, net for the three months ended ~~September 30, 2023~~ March 31, 2024 was a loss of ~~\$35.5 million~~ \$16.1 million compared to ~~a \$26.0 million~~ \$42.4 million gain for the three months ended ~~September 30, 2022~~ March 31, 2023 representing a ~~\$61.5 million increase~~ \$58.5 million decrease in loss. The ~~\$35.5 million of loss during~~ income. During the three months ended ~~September 30, 2023~~ March 31, 2024, the amount consisted of ~~\$13.7 million~~ \$11.4 million in foreign currency transaction losses, \$4.6 million in loss on sales of assets, \$2.6 million from increases in litigation reserves ~~\$7.9 million from~~ and \$2.6 million of loss recognized for debt buybacks which was offset by \$5.7 million of mark-to-market ~~losses~~ gains on the common share warrants, \$7.1 million in losses on sales and disposals of long-lived assets and \$4.9 million in ~~foreign currency transaction losses.~~ warrants. In comparison, the amount during the three months ended ~~September 30, 2022~~ March 31, 2023 primarily consisted of ~~\$34.0 million~~ recognized \$34.3 million mark-to-market gains for the common share warrants and \$24.9 million related to mark-to-market net gains on the common stock warrants, partially debt buybacks offset by ~~\$4.7 million~~ \$7.1 million in losses on sales and disposals of long-lived assets and \$4.3 million due costs related to ~~increases in litigation reserves.~~ energy transition initiatives.

### Income tax

Our worldwide tax expense for the three months ended ~~September 30, 2023~~ March 31, 2024 was ~~\$10.5 million~~ \$16.0 million compared to ~~\$12.4 million~~ \$23.0 million for the three months ended ~~September 30, 2022~~ March 31, 2023. The decrease in tax expense was primarily attributable to the change in amount and geographic mix of our pre-tax earnings (losses).

**Comparison** 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 ~~nine months ended September 30, 2023 and 2022~~

Operating revenues for the nine months ended September 30, 2023 totaled \$2.3 billion, representing an increase of \$0.4 billion, or 20%, compared global minimum tax to the nine months ended September 30, 2022. All certain of our operating segments experienced an increase in operating revenues over this period. For legal entities and their subsidiaries. The enactment of Pillar 2 didn't have a more detailed description of operating results, see Segment Results of Operations below.

Net income attributable material impact to Nabors totaled \$4.9 million (\$2.79 loss per diluted share) for the nine months ended September 30, 2023 compared to a net loss attributable to Nabors of \$281.2 million (\$32.72 per diluted share) for the nine months ended September 30, 2022, or a \$286.1 million increase in net income. The increase in net income is attributable to improved market conditions, which has resulted in an increase of approximately \$234.2 million in adjusted operating income across all of our segments from the prior year. In addition, gains related to mark-to-market activity for the common share warrants during the nine months ended September 30, 2023 contributed approximately \$107.3 million to the increase in net income. See Other Financial Information —Other, net below for additional discussion.

General and administrative expenses for the nine months ended September 30, 2023 totaled \$187.1 million, representing an increase of \$17.7 million, or 10%, compared to the nine months ended September 30, 2022. This is

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reflective of increases in workforce costs and general operating costs as market conditions have improved and operating levels have increased.

Research and engineering expenses for the nine months ended September 30, 2023 totaled \$42.4 million, representing an increase of \$6.3 million, or 18%, compared to the nine months ended September 30, 2022. This is primarily reflective of an increase in research and development activities, along with increased engineering support costs for the higher general operating activity levels, as market conditions have improved.

Depreciation and amortization expense for the nine months ended September 30, 2023 was \$484.1 million, representing a decrease of \$12.2 million, or 2%, compared to the nine months ended September 30, 2022. 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:

	Nine Months Ended						
	September 30,						
	2023	2022	Increase/(Decrease)				
	(In thousands, except percentages and rig activity)						
<b>U.S. Drilling</b>							
Operating revenues	\$	941,867	\$	767,769	\$	174,098	23 %
Adjusted operating income (loss) (1)	\$	210,859	\$	40,213	\$	170,646	424 %
Average rigs working (2)		89.7		95.5		(5.8)	(6)%
<b>International Drilling</b>							
Operating revenues	\$	1,002,478	\$	881,705	\$	120,773	14 %
Adjusted operating income (loss) (1)	\$	22,226	\$	(2,629)	\$	24,855	945 %
Average rigs working (2)		76.9		73.6		3.3	4 %
<b>Drilling Solutions</b>							
Operating revenues	\$	224,729	\$	172,042	\$	52,687	31 %

Adjusted operating income (loss) (1)	\$	80,830	\$	53,068	\$	27,762	52 %
<b>Rig Technologies</b>							
Operating revenues	\$	183,481	\$	132,326	\$	51,155	39 %
Adjusted operating income (loss) (1)	\$	13,741	\$	2,788	\$	10,953	393 %

- (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 increased by \$174.1 million or 23% during the nine months ended September 30, 2023 compared to the corresponding period in 2022. The increase is primarily attributable to an increase in day rates, as pricing for our services has improved. Adjusted operating income increased by \$170.6 million. The component of the revenue increase driven by the day rates contributed directly to the increase in adjusted operating income. Also, depreciation was lower due to the limited capital expenditures over recent years.

#### International Drilling

Operating revenues for our International Drilling segment during the nine months ended September 30, 2023 increased by \$120.8 million or 14% compared to the corresponding prior year period. The increase is attributable to an increase in day rates, as pricing for our services has improved and a 4% increase in the average rigs working, reflecting increased drilling activity as market conditions and demand for our drilling services have increased since the prior year.

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#### Drilling Solutions

Operating revenues for this segment increased by \$52.7 million or 31% during the nine months ended September 30, 2023 compared to the corresponding period in 2022 as market conditions and demand for our services have rebounded.

#### Rig Technologies

Operating revenues for our Rig Technologies segment increased by \$51.2 million or 39% during the nine months ended September 30, 2023 compared to the corresponding period as market conditions and demand for our services have improved since the prior year.

#### Other Financial Information

##### Interest expense

Interest expense for the nine months ended September 30, 2023 was \$135.3 million, representing an increase of \$1.7 million, or 1%, compared to nine months ended September 30, 2022. The increase was primarily due to an increase in our effective interest rate levels on our outstanding debt throughout the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022.

##### Other, net

Other, net for the nine months ended September 30, 2023 was a gain of \$8.6 million compared to \$69.0 million loss for the nine months ended September 30, 2022 representing a \$77.6 million increase in income. During the nine months ended September 30, 2023, \$44.3 million was from mark-to-market gains of the common share warrants and \$25.2 million of gain was recognized for debt buybacks offset by \$21.7 million in foreign currency transaction losses, \$7.9 million in costs related to energy transition initiatives and \$20.8 million from increases in litigation reserves. In comparison, the amount during the nine months ended September 30, 2022 primarily consisted of \$59.7 million mark-to-market losses for the common share warrants and \$12.5 million from increases in litigation reserves. In addition, there were \$4.1 million in foreign currency gains and \$3.2 million related to net gains on debt buybacks.

## Income tax

Our worldwide tax expense for the nine months ended September 30, 2023 was \$60.0 million compared to \$35.4 million for the nine months ended September 30, 2022. The increase in tax expense was primarily attributable to the change in amount and geographic mix of our pre-tax earnings (losses).

## Liquidity and Capital Resources

### Financial Condition and Sources of Liquidity

Our primary sources of liquidity are cash and investments, availability under our revolving credit facility the 2022 Credit Agreement and cash generated from operations. As of September 30, 2023, we had cash and short-term investments of \$406.6 million and working capital of \$431.9 million. As of December 31, 2022, we had cash and short-term investments of \$452.3 million, 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 \$404.2 million.

On September 30, 2023, we had no borrowings and \$47.1 million of letters of credit outstanding under the 2022 Credit Agreement, which has a total borrowing capacity of \$350.0 million. We had \$45.7 million of letters of credit outstanding under the 2022 Credit Agreement as of September 30, 2023.

The 2022 Credit Agreement requires us to maintain an interest coverage ratio (EBITDA/interest expense), expense of 2.625:1.00, which increases on a quarterly basis, 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. 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), (b) a covenant restricting its ability to pay dividends or make other distributions with respect to its capital stock and to

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repurchase certain indebtedness, and (c) a covenant restricting the ability of the Company's subsidiaries to incur debt (subject to the grower basket of up to \$100.0 million).

The facility matures on the earlier of (a) January 21, 2026 and (b) to the extent any principal amount of Nabors Delaware's existing 5.75% senior notes due 2025 remains outstanding on the date that is 90 days prior to the applicable maturity date for such indebtedness, then such 90th day.

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As of the date of this report, we were in compliance with all covenants under the 2022 Credit Agreement, Agreement, including those regarding the required interest coverage ratio and minimum guarantor value, which were 4.77:1.00 and 99.79%, respectively, as of March 31, 2024. If we fail to perform our obligations under the covenants, the revolving credit commitments under the 2022 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 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 118 letter-of-credit facilities with various banks as of September 30, 2023 March 31, 2024. Availability under these facilities as of September 30, 2023 March 31, 2024 was as follows:

	September 30, 2023 (In thousands)	March 31, 2024 (In thousands)
Credit available	\$ 428,906	\$ 313,667
Less: Letters of credit outstanding, inclusive of financial and performance guarantees	106,061	125,209
Remaining availability	\$ 322,845	\$ 188,458

#### 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.

On July 13, 2021 Over the term of the facility, we entered into a number of amendments. Most recently, on April 1, 2024, we entered into the First Fourth Amendment to the A/R Purchase Agreement, which among other things, reduced extended the commitments term of the third-party financial institutions (the "Purchasers") from \$250 million to \$150 million.

On June 27, 2022, we entered into the Third Amendment to the A/R Purchase Agreement which extended to the term earliest of (i) April 1, 2027, (ii) the date that is ninety (90) calendar days prior to the occurrence of the Purchase maturity date under and as defined in the Credit Agreement to August 13, 2024 and increased the commitments (iii) if any of the Purchasers from \$150 million to \$250 million. Subject to Purchaser approval, principal amount of the A/R Purchase Agreement allows for purchase commitments to be increased to \$300 million 7.25% Senior Guaranteed Notes are outstanding as of October 15, 2025, then October 15, 2025.



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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 **September 30, 2023** **March 31, 2024** was **\$174.0 million** **\$157.0 million**.

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 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 **September 30, 2023** **March 31, 2024** totaled approximately **\$370.6 million** **\$302.8 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 **2022** **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 **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** below.

*Operating Activities.* Net cash provided by operating activities totaled **\$455.9 million** **\$107.2 million** during the **nine three** months ended **September 30, 2023** **March 31, 2024**, compared to net cash provided of **\$301.1 million** **\$154.1 million** during the corresponding **2022** **2023** period. Operating cash flows are our primary source of capital and liquidity. Cash from operating results (before working capital changes) was **\$489.0 million** **\$174.9 million** for the **nine three** months ended **September 30, 2023** **March 31, 2024**, an **increase** a **decrease** of **\$193.5 million** **\$12.3 million** when compared to **\$295.5 million** **\$187.2 million** in the corresponding **2022** **2023** period. This was due to the **increase** **decrease** in activity across our business for the

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**nine-month period** **three months** ended **September 30, 2023** **March 31, 2024** compared to the **nine-month period** **three months** ended **September 30, 2022** **March 31, 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 **\$33.1** **\$67.7** million in cash flows during the **nine three** months ended **September 30, 2023** **March 31, 2024**, a **\$38.7 million** **\$34.5 million** unfavorable change as compared to the **\$5.6** **\$33.1** million in cash flows **provided** **used** by working capital in the corresponding **2022** **2023** period.

*Investing Activities.* Net cash used for investing activities totaled **\$429.0 million** **\$106.6 million** during the **nine three** months ended **September 30, 2023** **March 31, 2024** compared to net cash used of **\$267.0 million** **\$128.1 million** during the corresponding **2022** **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 **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**, we used cash for capital expenditures totaling **\$406.7 million** **\$104.6 million** and **\$272.1 million** **\$118.7 million**, respectively.

During the nine months ended September 30, 2023, we received \$9.7 million in proceeds from asset sales. We also invested \$11.1 million in companies that focus on energy transition related technologies. During the nine months ended September 30, 2022, we received \$24.0 million in proceeds from asset sales. We also invested \$19.0 million in companies that focus on energy transition related technologies.

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

Net cash provided by financing activities totaled **\$54.2 million** **\$2.3 million** during the **nine three** months ended **September 30, 2023** **March 31, 2023**. During the **nine three** months ended **September 30, 2023**, **March 31, 2023**, we received proceeds of \$250.0 million from issuance of the 1.75% Exchangeable Notes and repaid **\$296.5 million** **\$232.5 million** of outstanding long-term debt. We received \$305.0 million from the public offering of NETC II and made a distribution of \$186.9 million from the Trust Account to NETC stockholders who exercised their right to redemption of their shares.

Net cash used by financing activities totaled \$602.5 million during the nine months ended September 30, 2022. During the nine months ended September 30, 2022, we repaid \$460.0 million in net amounts under our revolving credit facility and \$133.9 million of long-term debt.

## Summarized Combined Financial Information for Guarantee of Securities of Subsidiaries

Nabors Delaware is an indirect, wholly owned subsidiary of Nabors. Nabors fully and unconditionally guarantees the due and punctual payment of the principal of, premium, if any, and interest on Nabors Delaware's registered notes, which, as of September 30, 2023, are its 5.75% Senior Notes due 2025 (the "Registered Notes"), and any other obligations of Nabors Delaware under the Registered Notes when and as they become due and payable, whether at maturity, upon redemption, by acceleration or otherwise, if Nabors Delaware is unable to satisfy these obligations. Nabors' guarantee of Nabors Delaware's obligations under the Registered Notes are its unsecured and unsubordinated obligation and have the same ranking with respect to Nabors' indebtedness as the Registered Notes have with respect to Nabors Delaware's indebtedness. In the event that Nabors is required to withhold or deduct on account of any Bermudian taxes due from any payment made under or with respect to its guarantees, subject to certain exceptions, Nabors will pay additional amounts so that the net amount received by each holder of Registered Notes will equal the amount that such holder would have received if the Bermudian taxes had not been required to be withheld or deducted.

The following summarized financial information is included so that separate financial statements of Nabors Delaware are not required to be filed with the SEC. The condensed consolidating financial statements present investments in both consolidated and unconsolidated affiliates using the equity method of accounting.

In lieu of providing separate financial statements for issuers and guarantors (the "Obligated Group"), we have presented the accompanying supplemental summarized combined balance sheet and income statement information for the Obligated Group based on Rule 13-01 of the SEC's Regulation S-X that we early adopted effective April 1, 2020.

All significant intercompany items among the Obligated Group have been eliminated in the supplemental summarized combined financial information. The Obligated Group's investment balances in Subsidiary Non-Guarantors have been excluded from the supplemental combined financial information. Significant intercompany balances and activity for the Obligated Group with other related parties, including Subsidiary Non-Guarantors (referred to as "affiliates"), are presented separately in the accompanying supplemental summarized financial information.

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Summarized combined Balance Sheet and Income Statement information for the Obligated Group follows:

Summarized Combined Balance Sheet Information	September 30,	December 31,
	2023	2022
	(In thousands)	
Assets		
Current Assets	\$ 1,332	\$ 2,578
Non-Current Assets	468,289	458,232
Noncurrent assets - affiliates	5,906,547	5,733,274
Total Assets	\$ 6,376,168	\$ 6,194,084
Liabilities and Stockholders' Equity		
Current liabilities	\$ 46,686	\$ 79,941
Noncurrent liabilities	2,637,307	2,698,835
Total Liabilities	2,683,993	2,778,776
Stockholders' Equity	3,692,175	3,415,308
Total Liabilities and Stockholders' Equity	\$ 6,376,168	\$ 6,194,084
	Nine Months Ended	Year Ended



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no material changes in our exposure to market risk during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** from those disclosed in our **2022 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. **We have investments in certain unconsolidated entities that we do not control or manage. Because we do not control or manage these entities, our disclosure controls and procedures with respect to these entities are necessarily more limited than those we maintain with respect to our consolidated subsidiaries.**

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 **September 30, 2023** **March 31, 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

**Except as set forth below, there have been no material changes from the risk factors previously disclosed in Part 1, Item 1A, of our 2022 Annual Report on Form 10-K, which in** **in** addition to the information set forth elsewhere in this report, **and the risk factors set forth in Part 1, Item 1A, of our 2022 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.

**We will be subject to a number of uncertainties during the timeframe when Nabors Energy Transition Corporation II (NETC II) pursues a business combination, which could adversely affect our business, financial condition, results of operations, cash flows and share price.**

If NETC II is unable to consummate a suitable business transaction during the prescribed time period set forth in the terms of the initial public offering, we may experience negative reactions from the financial markets and from our shareholders. In addition, in the event that NETC II is able to find a suitable business combination, or if the business combination is unsuccessful, there is no assurance that we will realize the anticipated value of such transaction.

## 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 **September 30, 2023** **March 31, 2024** from the distributions described below. These

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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 (In thousands, except per share amounts)	Approximated Dollar Value of Shares that May				Approximated Dollar Value of Shares that May			
	Total Number of Shares	Average Price Paid per Share	Purchased as Part of Publicly Announced	Yet Be Purchased Under the	Total Number of Shares	Average Price Paid per Share	Purchased as Part of Publicly Announced	Yet Be Purchased Under the
	Repurchased	Share (1)	Program	Program (2)	Repurchased	Share (1)	Program	Program (2)
July 1 - July 31	1	\$ 114.04	—	278,914				
August 1 - August 31	—	\$ —	—	278,914				
September 1 - September 30	—	\$ —	—	278,914				
January 1 - January 31					17	\$ 83.44	—	278,914
February 1 - February 29					15	\$ 78.29	—	278,914
March 1 - March 31					—	\$ —	—	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 **2013 Stock Plan** and **2016 Stock Plan**. Each of the **2016 Stock Plan**, the **2013 Stock Plan**, the **2003 Employee 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 **September 30, 2023** **March 31, 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 **September 30, 2023** **March 31, 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 **September 30, 2023** **March 31, 2024**, our subsidiaries held 1.2 million of our common shares.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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**ITEM 5. OTHER INFORMATION**

**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.

(c) During the quarter ended March 31, 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
<a href="#">10.1</a>	<a href="#">Limited Liability Company Agreement of Hexegen LLC*</a>
31.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Anthony G. Petrello, Chairman, President and Chief Executive Officer*</a>
31.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of William Restrepo, Chief Financial Officer*</a>
32.1	<a href="#">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.*</a>
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.

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**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  
Chief Financial Officer  
(Principal Financial Officer and Accounting Officer)

Date: October 27, 2023 May 3, 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

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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).

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**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.

**Indemnitee** 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.

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**Partnership Indemnitees** 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.

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(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:

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- (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 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

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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

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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

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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

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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

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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

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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

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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

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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.

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## 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).

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(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

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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

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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

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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]

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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:

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**EXHIBIT A**

**HEXEGEN LLC**

**MEMBERS AND UNIT OWNERSHIP**

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

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**EXHIBIT B**

**OFFICERS**



<u>Name</u>	<u>Title</u>
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: ~~October 27, 2023~~ May 3, 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: ~~October 27, 2023~~ May 3, 2024

/s/ WILLIAM RESTREPO

William Restrepo

Exhibit 32.1

**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 September 30, 2023 March 31, 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: October 27, 2023 May 3, 2024

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