FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1996 COMMISSION FILE NO.: 1-9245

NABORS INDUSTRIES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	93-0711613
(JURISDICTION OF INCORPORATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

515 WEST GREENS ROAD, SUITE 1200 HOUSTON, TEXAS	77067
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

(281) 874-0035
(REGISTRANT'S TELEPHONE NUMBER, INCLUDE AREA CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, $.10 PAR VALUE, PER SHARE	AMERICAN STOCK EXCHANGE, INC.

INDICATE BY CHECK MARK WHETHER 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, AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES X NO
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INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. [X]

THE AGGREGATE MARKET VALUE ON NOVEMBER 30, 1996 OF VOTING STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT WAS APPROXIMATELY $1,432 MILLION.

THE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING AS OF NOVEMBER 30, 1996 WAS 91,374,156.

DOCUMENTS INCORPORATED BY REFERENCE
(TO THE EXTENT INDICATED HEREIN)

SPECIFIED PORTIONS OF THE 1996 ANNUAL REPORT TO STOCKHOLDERS (PARTS I AND II)
SPECIFIED PORTIONS OF THE NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT (PART III)

PART I

ITEM 1. BUSINESS

OVERVIEW

Nabors Industries, Inc. (collectively with its subsidiaries, "Nabors" or the "Company") is the largest land drilling contractor in the world. The Company, which was incorporated in Delaware in 1978, has principally been engaged in oil, gas and geothermal land drilling operations in Alaska, the US Lower 48 states and Canada, and internationally in the Middle East, the Far East, the Commonwealth of Independent States ("CIS"), North and West Africa and South and Central America. Nabors, through its subsidiaries, including primarily Sundowner Offshore Services, Inc. ("Sundowner"), provides offshore drilling, well servicing and workover services in the Gulf of Mexico, Alaska's Cook Inlet and several international markets. Another Nabors subsidiary, J. W. Gibson Well Service Company, provides well servicing and workover services primarily in the Rocky Mountains and mid-continent region of the United States. The Company also provides oilfield management, engineering, transportation, construction, maintenance, well logging and other support services in selected domestic and international markets. In addition, the Company's Canrig subsidiary manufacturers top drives for a broad range of drilling rig applications.

BUSINESS STRATEGY

Since the current management group began operating the Company in 1987, the Company's business philosophy has been to establish and maintain a conservative

and flexible financial posture, to build a diverse portfolio of market positions to mitigate risk and create potential for growth, to forge long-term relationships with customers, to build a cadre of talented and experienced employees, to grow and remain profitable in any market environment and to position the business for the future by maintaining flexibility. This philosophy has been implemented primarily through strategic acquisitions and internal growth in existing and new markets. Nabors also has advanced this philosophy by entering into strategic alliances with customers and by providing integrated drilling, engineering and other oilfield services responsive to customer needs.

EXPANSION BY ACQUISITIONS

Since 1988, through acquisitions of other drilling companies, asset purchases and internal expansion, the Company has grown from a land drilling business centered principally in Canada and Alaska, to an international company operating on land and offshore in many of the major oil, gas and geothermal markets in the world. In 1988, Nabors rig fleet consisted of 44 land drilling rigs. The active Nabors-owned rig fleet consists of 329 land drilling rigs, 34 offshore rigs and 70 land workover and well servicing rigs. The significant acquisitions by the Company are described below.

In November 1988, the Company acquired the Westburne Group of Companies, an international drilling contractor with land drilling operations in the Middle East, North Africa, Southeast Asia, the Far East, Australia and Canada and offshore operations in the UK North Sea. This acquisition provided the Company with its initial entry into drilling markets outside North America.

During 1990, the Company acquired Loffland Brothers Company, a leader in the domestic and international drilling industry for over 80 years, and Henley Drilling Company, a subsidiary of Hunt Oil Company. These acquisitions added 74 rigs, significantly expanded the Company's presence in the North Sea, Middle East and Canada and added major new markets, including the US Lower 48 states, Venezuela, the Gulf of Mexico and Yemen.

In 1993, the Company acquired substantially all of the assets of Grace Drilling Company, which was then the largest land driller in the United States, and the assets of Alaska United Drilling, which operates in Alaska. These acquisitions added 170 drilling rigs to the Company's fleet and significantly expanded the capabilities of the Company in the US Lower 48 states, strengthened its operations in Alaska markets and provided a supply of component parts used to reduce capital expenditure costs.

In 1994, the Company acquired Sundowner, a leader in the offshore well servicing and workover markets. The Sundowner fleet purchased in the transaction included 15 platform rigs plus one rig under construction, five jackup workover rigs and

three workover and plug and abandonment barge rigs. The addition of Sundowner has allowed the Company to expand into what the Company's management believes will be significant markets in the coming years. Also in 1994, the Company acquired 16 drilling rigs from MND Drilling, a subsidiary of Mitchell Energy Development Corp., and eight mobile, medium-depth rigs from various other sources.

In 1995, the Company purchased all of the stock of Delta Drilling Company ("Delta"). In acquiring Delta, which operated primarily in Texas and Louisiana, Nabors added 30 land drilling rigs to its fleet.

In 1996, the Company acquired all of the stock of Exeter Drilling Company and its subsidiary J.W. Gibson Well Service Company, and certain other assets from other sources. In these acquisitions, the Company added 49 drilling rigs and 78 workover and well servicing rigs (10 of which were leased from third parties). These acquisitions increased the Company's available rigs primarily in the Rocky Mountains, the mid-continent region, Texas and Louisiana, and marked the Company's entry into the land workover and well service business.

After the end of the fiscal year, in November 1996, the Company sold all of its UK North Sea operations to a subsidiary of Abbot Holdings Ltd. for approximately US$36 million, plus the value of working capital, in cash as well as four-year warrants to acquire 10.8 million shares of the stock of Abbot Holdings Ltd. at 83 pence per share. During December 1996, the Company purchased 47 land drilling rigs from Noble Drilling Corporation for $60 million in cash. The rig fleet consists of 19 operating rigs and 28 stacked rigs located in the United States and Canada. Also in December 1996, the Company entered into an agreement with Adcor-Nicklos Drilling Company ("Adcor"), pursuant to which all of the stock of Adcor will be exchanged for approximately 3.4 million shares of Nabors common stock. The transaction is expected to close in January 1997. Assets to be acquired in the Adcor transaction will include 30 active and six stacked rigs located in the United States, drill pipe, spare drilling equipment, yards, vehicles and other support equipment.

ALLIANCES, INTEGRATED DRILLING SERVICES AND ENGINEERING.

An increasing number of customers have been seeking to reduce costs and improve efficiency in their exploration and development drilling programs by establishing continuing relationships, or alliances, with a smaller number of preferred drilling contractors. These alliances can result in long-term work and increased profitability for drilling contractors that are selected as partners in the alliance. The Company has been selected by certain operators as alliance partner in Alaska, the US Lower 48 states and Canada. The Company intends to continue to pursue opportunities for alliances with customers in all of the markets in which it operates.

The Company's ability to provide drilling-related services and management of drill site activities for its customers is also a factor in the Company's growth. Many major oil and gas companies are reducing the number of services they provide and the number of service contractors at a drill site, and are

requiring that the contractors remaining provide such drilling-related services and management.

Contractors that have been able to adapt to this expanded role have the potential to achieve enhanced financial returns in consideration for providing these additional services. As with alliances, the Company intends to continue to seek opportunities to capitalize on its ability to provide a wide range of services to its customers in addition to drilling.

Another factor in the growth of the Company has been its ability to provide innovative, quality engineering and technical support for its drilling and oilfield support operations. The Company provides engineering services to all of its subsidiaries and to its worldwide customers from its Houston-based engineering groups.

MARKETS

ALASKA

Nabors is the leading drilling contractor in Alaska, where it owns eight Arctic land drilling and well service rigs on the North Slope and three land and one platform drilling rig in the Cook Inlet area of South Central Alaska. All of the North Slope rigs have been specifically designed to operate in severe arctic conditions and employ wheel mounted systems designed by Nabors to permit efficient movement of the rigs from well to well and over ice or gravel roads. Three of these rigs are also self-propelled to further facilitate movement and maneuverability. The well service rigs have been designed with spacing capability that allows them to move between reduced well spacing on drilling pads without disrupting production. In addition, Nabors' arctic rigs incorporate environmental protection features such as dry mud and fluid containment systems.

As a result of a restructuring in the relationship of the operators of the Prudhoe Bay Unit, the largest North Slope oilfield, the operators began to develop stronger, long-term relationships with fewer service companies. Early in 1992, Nabors was selected as the first service company to work in alliance with these operators. This alliance has resulted in significant cost reductions for the customers and has increased Nabors' market share in this major market. In fiscal 1994, the scope of the alliance was expanded to include the Milne Point Unit.

The Company has a 50% interest in Peak Oilfield Services ("Peak"), a general partnership with Cook Inlet Region, Inc., a leading Alaskan native corporation. Peak provides heavy equipment to move drilling rigs, water, other fluids and construction materials. Peak also provides construction and maintenance for roads, pads, facilities, equipment, drill sites and pipelines.

Peak is a partner to a five-year alliance contract to provide maintenance services for the Prudhoe Bay Unit. Peak also has been chosen to coordinate and supply drilling support transportation services to the unit. Peak has expanded its business by the acquisition of Alaska Interstate Construction, an Alaska based company with significant experience in Arctic road and site construction. In addition, Peak has expanded its operations through the formation of Peak USA Energy Services Ltd, a Texas limited partnership, which is providing trucking and oilfield services in Texas and Oklahoma.

US LOWER 48 STATES AND CANADA

The Company currently markets 241 land rigs in the US Lower 48 states market. Eighty-eight of the rigs are diesel electric rigs controlled by a computerized SCR unit ("SCR rigs"), and 138 are capable of drilling to 15,000 feet or deeper. In addition to oil and gas drilling, Nabors is also active in West Coast geothermal drilling. Through its J. W. Gibson Well Service Company subsidiary, the Company markets 75 workover and well servicing rigs in the Rocky Mountains and the mid-continent region.

The Company also has a fleet of 28 rigs in Canada. Fifteen rigs in the fleet are diesel electric SCR rigs, seven are equipped with top drives and all of the rigs in Nabors' Canadian fleet are capable of performing exploratory and development drilling under arctic and sub-arctic conditions.

INTERNATIONAL DRILLING

South and Central America. The Company currently operates 17 land drilling rigs in Venezuela and provides crews for two rigs under labor contracts. Eight of these rigs were redeployed from other areas of the world during since fiscal year 1994 in connection with long term contracts with US-based operators and Corpoven and Maraven (affiliates of PDVSA, the government owned oil company. The Company also operates one rig in Colombia under a contract with Ecopetrol, the national oil company of Colombia, and has one rig that recently completed operations in Costa Rica and is expected to be redeployed to another country.

The Middle East. In the Middle East, Nabors operates 18 land rigs and one jackup rig. Of the 18 land rigs, seven are in Yemen, nine are in Saudi Arabia and two are in other countries. Since 1994, there has been a substantial downturn in drilling activities in Yemen and as of the end of the 1996 fiscal year, only six drilling rigs are in operation.

The Company has a fleet of equipment in Yemen, including trucks, cranes, bulldozers and other construction and transportation equipment. Because the Company's logistics service operations in Yemen have had disappointing operating results, the operations in that country have been substantially reduced.

The CIS. In the CIS, the Company owns four rigs, two of which were relocated from Russia to Kazakhstan during fiscal 1996 and a third rig which is located in the Republic of Georgia. A fourth rig was deployed to Sakhalin Island in the CIS in mid-1995 and is currently drilling there for a US-based operator. In addition, the Company is a participant in a joint venture that operates two rigs in Kazakhstan.

Far East. In the Far East, the Company owns three deep rated, diesel electric SCR land rigs in Japan. In addition, the Company has mobilized one rig from Yemen to begin a contract for a US-based operator in Laos.

Africa. The Company has two rigs in Africa, one in Gabon and one in Ethiopia.

OFFSHORE DRILLING, WORKOVER AND WELL SERVICING

With the acquisition of Sundowner in October of 1994, the Company expanded its existing offshore drilling business in the Gulf of Mexico and entered the offshore workover and well servicing business in the US Gulf of Mexico, the CIS, Europe and West Africa. Sundowner operates a fleet of 30 rigs including 14 Sundowner and Super Sundowner platform rigs, three Minimum Area Self-Erecting (MASE(TM)) platform drilling rigs, four API platform drilling rigs, one land rig converted to an offshore platform drilling rig, five jackup workover rigs and three inland barge rigs (two of which currently are inoperable). In addition, other subsidiaries own four offshore rigs, of which one is a platform drilling rig located in Alaska, one is a jackup rig located in the Middle East and two are barges chartered to a third party. Six of the Super Sundowner rigs, two of the Sundowner rigs and all of the platform drilling rigs (including the MASE(TM) rigs) are equipped with portable top drive units to enhance drilling efficiency in sidetrack and horizontal drilling operations. A subsidiary of Sundowner also provides plug and abandonment services on the Gulf Coast. Sundowner has developed a new generation of innovative (MASE(TM)) platform drilling rigs, certain elements of which are patented, that results in reduced drilling and workover costs. One of these MASE(TM) rigs has been operating in Trinidad and two are operating in the Gulf of Mexico. The resources of the Company, combined with the Sundowner technology, are expected to facilitate expansion into new markets throughout the world.

Additional information regarding markets in which the Company operates can be found on page 5 of the Nabors Industries, Inc. 1996 Annual Report to Stockholders ("1996 Annual Report") and is incorporated herein by reference. For information regarding rig utilization in the various markets in which the Company operates, see the discussion referenced under Item 7.

ENGINEERING DEVELOPMENTS

In recent years, Nabors has been increasingly involved in engineering research and development with respect to the commercialization of new drilling technology. Through its acquisition of Sundowner, the Company owns the rights

to proprietary designs and innovations which, when applied to the Company rigs, can substantially reduce the costs of drilling and working on offshore wells. These proprietary designs are being applied to a new generation of modular MASE(TM) rigs specifically for drilling. Three of these MASE(TM) rigs are presently operational.

The Company's Canrig subsidiary manufactures and markets electric top drives that are designed with enhanced safety and drilling efficiency features. This top drive design includes fixed and portable units that are being utilized in a broad range of land and offshore applications. The Company also developed an automated slant rig, capable of drilling shallow or slim hole wells.

The Company, in a joint project with a major oil company, designed and constructed a slim hole drilling rig, utilizing an advanced drilling process known as a Stratigraphic High Speed Advanced Drilling System. This small footprint, slim hole rig, which the Company now owns, is designed to enable operators to significantly cut the cost of exploration projects in remote and difficult drilling regions. The Company has built a second slim hole rig using the same technology. Both slim hole rigs are now operational in Venezuela.

Company engineers have obtained new patents during the past year and have patent applications pending for new technology associated with drilling activities.

CUSTOMERS

The Company's customers include major oil and gas companies, foreign national oil and gas companies and independent oil and gas companies. No single customer provides as much as 10% of consolidated revenues.

INDUSTRY CONDITIONS, COMPETITION AND SEASONALITY

The Company's revenues and earnings are affected directly by the demand for contract drilling and related oilfield services. Demand is a function of the level of oil and gas exploration and development activity. The level of such activity is impacted by many factors over which the Company has no control, including among others, the market prices of oil and gas, the stability or volatility of such prices, levels of production, activities of the Organization of Petroleum Exporting Countries and other oil and gas producers, governmental regulations, the level of worldwide economic activity, the development of alternate energy sources, and the short and long-term effect of worldwide energy conservation measures. Substantial uncertainty exists as to the future level of oil and gas exploration and production drilling activity.

The contract drilling, workover and well servicing industry is a highly fragmented, intensely competitive and cyclical business. Since 1982, the contract drilling business has been severely impacted by the decline and continued instability in the prices of oil and natural gas. Though these depressed economic conditions have resulted in a consolidation of the number of competitors and the reduction of the number of rigs available, the supply of available rigs, particularly in the domestic land markets, still exceeds the

demand for those rigs. This excess capacity in the industry has resulted in substantial

competition. Competition for services in a particular market is based on price, location, type and condition of available equipment and quality of service. In the offshore drilling well servicing and workover business, the technical capability of specialized equipment as well as technical and engineering expertise is also important. A number of large and small contractors provide competition for drilling contracts in all areas of the Company's business. Although no single drilling competitor operates in all such areas, certain competitors are present in more than one of those areas.

Within the last year, the offshore market has shown a substantial increase in price, particularly for more sophisticated semi-submersible and jackup rigs. The high demand and tight supply of these types of sophisticated rigs is also resulting in increased prices for the type of platform and workover jackup rigs operated by the Company. Within the last several months, prices for land drilling rigs have started to increase, particularly with respect to SCR rigs and rigs which are capable of drilling in excess of 15,000 feet.

Seasonality is not a significant factor with respect to the operations of the Company.

DRILLING AND SERVICE CONTRACTS

The Company's drilling rigs are employed under individual contracts which extend either over a stated period of time or the time required to drill a well or a number of wells. Drilling contracts are generally obtained through competitive bidding though some may be obtained by negotiation. Contracts are generally subject to termination by the customer on short notice, but can be firm for a number of wells or years.

Drilling contracts may provide for compensation on a daywork, footage, or turnkey basis. Most of the Company's contracts are on a daywork basis. A daywork contract provides for a basic rate per day when drilling (the "Dayrate") and for lower rates when the rig is moving, or when drilling operations are interrupted or restricted by equipment breakdowns, actions of the customer or adverse weather conditions or other conditions beyond the control of the Company. In addition, the daywork contracts typically provide for a lump sum fee for the mobilization and demobilization of the drilling rig. The Dayrate depends on market and competitive conditions, the nature of the operations to be performed, the duration of the work, the equipment and services to be provided, the geographic area involved and other variables.

The Company is also a party to turnkey and footage contracts in certain areas of the United States. In a turnkey contract, the Company undertakes to drill a

well to a specified depth for a fixed price. In a footage contract, the Company undertakes to drill a well to a specified depth at a fixed price per foot of hole. In both turnkey and footage contracts, the Company must bear the cost of performing the drilling services until the well has been drilled, and accordingly, such contracts require significant cash commitments by the Company. In both the turnkey and footage contracts, the Company generally agrees to furnish services such as testing, coring and casing the hole and other services which are not normally provided by a drilling contractor working under a daywork contract. In both situations, compensation is earned upon completion of the well to the specified depth. If the well is not completed to the specified depth, the Company may not receive the fixed turnkey or footage price. In addition, footage and turnkey contracts generally involve a higher degree of risk to the Company than daywork contracts because the Company assumes greater risks and bears the cost of unanticipated downhole problems and price escalation.

Onshore transportation and support services are provided through long-term contracts or on a short-term demand basis. Long-term contracts may either be negotiated or awarded by competitive bidding. Whether provided on a long-term or short-term basis, equipment and labor are usually billed separately

at specified hourly rates. These hourly rates vary depending upon numerous factors, including types of equipment and labor, and duration of the work.

OPERATING RISKS AND INSURANCE

The Company's operations are subject to many hazards inherent in the drilling, workover and well servicing industries including blowouts, cratering, explosions and fires, any of which could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage to surrounding areas and damage to the property of others. The Company's offshore operations are also subject to the hazards of marine operations including capsizing, grounding, collision, damage from heavy weather or sea conditions and unsound bottom conditions. In addition, the Company's international operations are subject to risks of war, civil disturbances or other political events. (See also "International Operations".) To the extent that such risks are not transferred to customers by contract or indemnification agreements, the Company seeks protection through insurance which the Company's management considers to be adequate. However, there is no assurance that such insurance or indemnification agreements will be adequate to protect the Company against liability from all of the consequences of the hazards described above. The occurrence of an event not fully insured or indemnified against, or the failure of a customer to meet its indemnification obligations could result in substantial losses to the Company. In addition, there can be no assurance that insurance will be available, or, even if available, that it will be adequate or that insurance premiums or other costs will not rise significantly in the future.

INTERNATIONAL OPERATIONS

A significant portion of the Company's business is derived from international markets, including major operations in Canada, the Middle East, the North Sea and South and Central America, as well as other operations in the CIS, the Far East and Africa. Such operations may be subject to various risks, including risk of war and civil disturbances and governmental activities that may limit or disrupt markets, restrict the movement of funds or result in the deprivation of contract rights or the taking of property without fair compensation. In certain countries, such operations may be subject to the additional risk of fluctuating currency values and exchange controls. (See also "Operating Risks and Insurance".)

In the international markets in which the Company operates, it is subject to various laws and regulations with respect to the operation and taxation of its business and the import and export of its equipment from country to country, the imposition, application and interpretation of which can be uncertain.

GOVERNMENTAL MATTERS

Governments at various levels in the United States and in various other countries in which the Company operates have enacted legislation or adopted regulations affecting the drilling and servicing of oil and gas wells, controlling the discharge and disposal of wastes from drilling and other operations and providing for the protection of the environment in general. In recent years, laws and regulations protecting the environment have generally become more stringent and have sought to impose greater liability on a larger number of potentially responsible parties. While the Company believes it is generally in compliance with applicable laws and regulations related to environmental controls, the Company could nonetheless be subject to cleanup costs or costs associated with environmental laws and regulations which could be substantial and have a material adverse effect on the Company.

EMPLOYEES

At September 30, 1996, the Company employed approximately 8,650 persons. In addition, Peak employed 864 persons.

GEOGRAPHIC DISTRIBUTION OF EARNINGS AND ASSETS

The revenues, operating income (loss) and identifiable assets of each geographic area for the three years ended September 30, 1996, can be found in Note 14 of the Notes to Consolidated Financial Statements on page 38 of the 1996 Annual Report, which is incorporated herein by reference.

ITEM 2. PROPERTIES

A table of information regarding the Company's rig fleet can be found on page 12 ("Rig Fleet") of the 1996 Annual Report and is incorporated herein by reference.

Many of the international drilling rigs in the Company's fleet are supported by mobile camps which house the drilling crews and a significant inventory of spare parts and supplies. In addition, the Company owns various trucks, forklifts, cranes, earth moving and other construction and transportation equipment which are used to support the drilling and logistics operations.

The Company and its subsidiaries lease or own executive and administrative office space in Houston, Texas (headquarters); Denver, Colorado; Anchorage, Alaska; Houma, Arcadia and Lafayette, Louisiana; Bakersfield, California; Englewood, Colorado; Magnolia, Texas; Calgary and Nisku, Alberta, Canada; Sana'a, Yemen; Dubai, U.A.E.; Dhahran, Saudi Arabia and Maracaibo, Anaco and Barinas, Venezuela. The Company owns or leases a number of facilities used in support of operations in each of its geographic markets.

Additional information about Properties can be found in Notes 1 and 4 of the Notes to Consolidated Financial Statements on pages 28, 29 and 32 of the 1996 Annual Report and is incorporated herein by reference.

The Company's management believes that its equipment and facilities are adequate to support its current level of operations as well as an expansion of drilling operations in those geographical areas where the Company may choose to expand.

ITEM 3. LEGAL PROCEEDINGS

Information with respect to legal proceedings can be found in Note 11 of the Notes to Consolidated Financial Statements under the caption "Contingencies" on page 37 of the 1996 Annual Report and is incorporated herein by reference.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders of the Company during the quarter ended September 30, 1996.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET

The information called for by this item can be found on the inside back cover

("Price of Common Stock") of the 1996 Annual Report and is incorporated herein by reference.

The Company has neither declared nor paid any cash dividends on its common stock since 1982. Certain debt instruments restrict the Company's ability to pay dividends. Under the terms of these instruments, Nabors may pay dividends to the extent that cumulative dividends plus certain other payments since March 31, 1989 do not exceed 50% of Nabors' cumulative net income since March 31, 1989 plus the proceeds of any offering of equity securities of Nabors that are not redeemable at the option of the holder of the securities. As of September 30, 1996 retained earnings available for dividends totaled approximately $178 million. The Company does not intend to pay any cash dividends on its common stock in the foreseeable future.

ITEM 6. SELECTED FINANCIAL DATA

The information called for by this item can be found on page 16 ("Selected Financial Data") of the 1996 Annual Report and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information called for by this item can be found on pages 17 through 22 ("Management's Discussion and Analysis of Financial Condition and Results of Operations") of the 1996 Annual Report and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements, together with the report thereon of Coopers & Lybrand L.L.P. dated November 25, 1996 (except as to the information presented in Notes 9 and 15, for which the date is December 20, 1996) appear on pages 23 through 38 of the 1996 Annual Report and are incorporated herein by reference. With the exception of the aforementioned information and the information expressly incorporated into Items 1, 2, 3, 6, 7 and 8 hereof, the 1996 Annual Report is not deemed to be filed as part of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information called for by this item will be contained in the Nabors Industries, Inc. definitive Proxy Statement to be distributed in connection with its Annual Meeting (the "Proxy Statement") under the captions "Election of Directors" and "Executive Officers" and is incorporated herein by reference.

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Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission and the American Stock Exchange initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than ten-percent shareholders are required by SEC regulation to furnish the Company with all Section 16(a) forms which they file.

To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no other reports were required during the two fiscal years ended September 30,1996, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with.

ITEM 11. EXECUTIVE COMPENSATION

The information called for by this item will be contained in the Proxy Statement to be distributed in connection with its Annual Meeting under the caption "Remuneration of Management" and is incorporated herein by reference; except for information not deemed to be "soliciting material" or "filed" with the SEC including the Report of the Compensation Committee on Executive Compensation and the Five Year Stock Performance Graph which is not deemed to be incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information called for by this item will be contained in the Proxy Statement to be distributed in connection with its Annual Meeting under the caption "Share Ownership of Management and Principal Shareholders" and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information called for by this item will be contained in the Proxy Statement to be distributed in connection with its Annual Meeting, under the caption "Business Relationships" and "Compensation Committee Interlocks and Insider Participation" and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

(1) Financial Statements of Nabors Industries, Inc. and Subsidiaries which are listed in Part II, Item 8 and are incorporated herein by reference from the Company's 1996 Annual Report to Stockholders from the respective page numbers indicated:

(2) Financial Statement Schedules

Supplemental schedules are omitted because of the absence of the conditions under which they are required or because the required information is included in the financial statements or notes thereto.

(3) Exhibits

Exhibit	Description
3(1)	Restated Certificate of Incorporation and By-Laws of the Registrant dated May 12, 1988
3.1(2)	Certificate of Amendment of the Restated Certificate of Incorporation of the Registrant dated May 8, 1990
3.2(3)	Certificate of Amendment of the Restated Certificate of Incorporation of the

	Registrant dated April 12, 1991
3.3(7)	Certificate of Amendment of the Restated Certificate of Incorporation of the Registrant dated March 11, 1994
3.4(2)	Amendment to the Restated By-Laws of the Corporation
4.1(11)	Indenture for Subordinated Debt Securities dated May 28, 1996 between Marine Midland Bank, Trustee and Nabors Industries, Inc. in connection with $172,500,000 aggregarate principal amount of 5% Convertible Subordinated Notes due 2006 (the "Notes")
4.2(11)	Supplemental Indenture dated May 28, 1996 between Marine Midland Bank, Trustee and Nabors Industries, Inc. in connection with the Notes
4.3	Registration Rights Agreement dated as of April 30, 1996 between Nabors Industries, Inc. and Occidental Oil and Gas Corporation
10.1(7)	1993 Stock Option Plan for Non-Employee Directors
10.2(10)	1994 Executive Officers Stock Plan
10.3(10)	1996 Employee Stock Plan
10.4	1994 Executive Stock Option Agreement effective December 28, 1994 between Nabors Industries, Inc. and Eugene M. Isenberg
10.5	1994 Executive Stock Option Agreement effective December 28, 1994 between Nabors Industries, Inc. and Anthony G. Petrello
10.6	1994 Executive Stock Option Agreement effective December 28, 1994 between Nabors Industries, Inc. and Richard A. Stratton
10.7(8)	Employment Agreement effective October 1, 1994 between Nabors Industries, Inc. and Eugene M. Isenberg
10.8(8)	Employment Agreement effective October 1, 1994 between Nabors Industries, Inc. and Anthony G. Petrello

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10.9(9)	Amendment to Employment Contract dated as of December 28, 1994 between Nabors Industries, Inc. and Richard A. Stratton
10.10(4)	Note Purchase Agreement between Nabors Industries, Inc. and John Hancock Mutual Life Insurance Company dated October 1, 1992
10.11(5)	Agreement and Plan of Reorganization dated as of August 26, 1993 between Equity Strategies Fund, Inc. and Nabors Industries, Inc.
10.12(6)	Agreement and Plan of Merger dated August 12, 1994 by and Among Nabors Industries, Inc., Nabors Acquisition Corp. and Sundowner Offshore Services, Inc.
10.13(9)	Stock Purchase Agreement entered into as of December 22, 1994 by and between Nabors Drilling USA, Inc. and Gordon P. Getty
10.14	Stock Purchase Agreement dated as of March 8, 1996 between Nabors Industries, Inc. and Occidental Oil and Gas Corporation as amended by Amendment No. 1 to Stock Purchase Agreement dated as of April 23, 1996
10.15	Share Purchase Agreement dates as of October 18, 1996 by and among Abbot Group plc, Nabors Industries, Inc., and KCA Drilling Group Limited
10.16	Asset Purchase Agreement between Noble Drilling Corporation, Noble Properties, Inc., Noble Drilling (Canada) Ltd. and Nabors Industries, Inc. dated November 15, 1996
10.17(11)	Underwriting Agreement dated May 21, 1996 by and among Nabors Industries, Inc. and Salomon Brothers, Inc., Goldman, Sachs & Co., Merrill, Lynch, Pierce, Fenner &

	Smith, Incorporated and Simmons and Company, International as representatives of the underwriters named therein in connection with the offering of the Notes
12	Computation of Ratios of Earnings to Fixed Charges
13	1996 Annual Report to Stockholders
21	List of Subsidiaries of Nabors Industries, Inc.
23	Consent of Independent Accountants

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27	Financial Data Schedule

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(1) Incorporated by Reference to the Exhibits to Form 10-K, File No. 1-7773, filed with the Commission on January 11, 1988.

(2) Incorporated by Reference to the Exhibits to Form 10-K, File No. 1-9245, filed with the Commission on December 21, 1990.

(3) Incorporated by Reference to the Exhibits to Form 10-K, File No. 1-9245, filed with the Commission on December 30, 1991.

(4) Incorporated by Reference to the Exhibits to Form 10-K, File No. 1-9245, filed with the Commission on December 29, 1992.

(5) Incorporated by Reference to the Exhibits to Form 10-K, File No. 1-9245, filed with the Commission on December 29, 1993.

(6) Incorporated by Reference to the Exhibits to Form S-4, File No. 33-84188, filed with the Commission on September 20, 1994.

(7) Incorporated by Reference to Form S-8, Registration

No. 33-87322, filed with the Commission on December 29, 1994.

(8) Incorporated by Reference to Form 10-Q for Quarter ended June 30, 1995, File No. 1-9245, filed with the Commission on August 14, 1995.

(9) Incorporated by Reference to Form 10-K, File No. 1-9245 filed with the Commission on December 27, 1995.

(10) Incorporated by Reference to Form S-8, Registration No. 333-11313, filed with the Commission on September 3, 1996.

(11) Incorporated by Reference to Form 8-K, File No. 1-9245, filed with the Commission on May 28, 1996.

(b) Reports on Form 8-K:

None

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 on December 30, 1996.

NABORS INDUSTRIES, INC.

By: /s/Anthony G. Petrello

Anthony G. Petrello

President

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

Signature	Title	Date
<S>	<C>	<C>
/s/ Eugene M. Isenberg Eugene M. Isenberg	Chairman and Chief Executive Officer	December 30, 1996
/s/ Richard A. Stratton Richard A. Stratton	Vice Chairman	December 30, 1996
/s/ Anthony G. Petrello Anthony G. Petrello	President and Chief Operating Officer	December 30, 1996
/s/ Martin J. Whitman Martin J. Whitman	Director	December 30, 1996
/s/ Myron M. Sheinfeld	Director	December 30, 1996

Myron M. Sheinfeld

/s/ Jack Wexler --- Jack Wexler	Director	December 30, 1996
/s/ Gary T. Hurford --- Gary T. Hurford	Director	December 30, 1996
/s/ Hans Schmidt --- Hans Schmidt	Director	December 30, 1996

</TABLE>

<TABLE>
<CAPTION>

Signature	Title	Date
<S>	<C>	<C>
/s/ Michael W. Dundy --- Michael W. Dundy	Vice President and General Counsel	December 30, 1996
/s/ Daniel McLachlin --- Daniel McLachlin	Vice President	December 30, 1996
/s/ Bruce P. Koch ---	Vice President - Finance	December 30, 1996

Bruce P. Koch
</TABLE>

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INDEX TO EXHIBITS

Exhibit	Description
3(1)	Restated Certificate of Incorporation and By-Laws of the Registrant dated May 12, 1988
3.1(2)	Certificate of Amendment of the Restated Certificate of Incorporation of the Registrant dated May 8, 1990
3.2(3)	Certificate of Amendment of the Restated Certificate of Incorporation of the Registrant dated April 12, 1991
3.3(7)	Certificate of Amendment of the Restated Certificate of Incorporation of the Registrant dated March 11, 1994
3.4(2)	Amendment to the Restated By-Laws of the Corporation
4.1(11)	Indenture for Subordinated Debt Securities dated May 28, 1996 between Marine Midland Bank, Trustee and Nabors Industries, Inc. in connection with $172,500,000 aggregate principal amount of 5% Convertible Subordinated Notes due 2006 (the "Notes")
4.2(11)	Supplemental Indenture dated May 28, 1996 between Marine Midland Bank, Trustee and Nabors Industries, Inc. in connection with the Notes
4.3	Registration Rights Agreement dated as of April 30, 1996 between Nabors Industries, Inc. and Occidental Oil and Gas Corporation
10.1(7)	1993 Stock Option Plan for Non-Employee Directors

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10.3(10)	1996 Employee Stock Plan
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EXHIBIT 4.3

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is entered into as of April 30, 1996, by and between Nabors Industries, Inc., a Delaware corporation ("Nabors"), and Occidental Oil and Gas Corporation, a California corporation ("Oxy").

WHEREAS, Nabors and Oxy are parties to the Stock Purchase Agreement, and

WHEREAS, as contemplated by the Stock Purchase Agreement, Nabors has elected to issue to Oxy the Registrable Securities; and

WHEREAS, Nabors desires to grant to Oxy the registration rights provided for herein;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, Nabors and Oxy hereby agree as follows:

1.1 DEMAND REGISTRATION RIGHTS.

(a) Holder shall have the right, exercisable prior to the Termination Date, unless extended pursuant to this Section 1.1, on one (1) occasion by written notice to Nabors (the "Registration Notice"), to require Nabors to effect a registration under the Securities Act of the Registrable Securities, and Nabors will cause, as expeditiously as practicable, the registration under the Securities Act of all (but not less than all) of the Registrable Securities. In connection therewith, Nabors shall be obligated to prepare and file a registration statement promptly upon receipt of any such Registration Notice and shall be further obligated to cause such registration statement to be declared effective under the Securities Act and the rules and regulations promulgated thereunder as soon as practicable after the filing date thereof; provided that Nabors may defer for a period not longer than 60 days the registration requested pursuant to this Section 1.1 if a majority of Nabors' board of directors in good faith shall resolve that expeditious registration, as otherwise required by this Section 1.1, would be materially disadvantageous to Nabors. The period during which the rights granted under this Section 1.1 may be exercised by Holder shall be extended by one day beyond the Termination Date for each day that pursuant to this Section 1.1 Nabors postpones effecting a registration, requires Holder to refrain from disposing

of Registrable Securities pursuant to the registration statement or otherwise requires Holder to refrain from disposing of Equity Securities of Nabors. Holder may demand, and Nabors shall be required to effect, only one (1) such registration of Registrable Securities owned by Holder, and such obligation shall be deemed satisfied (i) when one underwritten registration and offering shall have been completed with respect to Registrable Securities which Holder requests be registered pursuant to this Section 1.1 (provided, that such obligation shall nonetheless be deemed to have been satisfied if the closing conditions in the underwriting or purchase agreement entered into in connection with such underwritten offering are not satisfied due to some act or omission by Holder) or (ii) when one registration not involving an underwriter shall become effective pursuant to a request of Holder made pursuant to this Section 1.1, provided that a registration not involving an underwriter shall not be deemed to have been effected for purposes of this Section 1.1 if the registration statement relating to such registration does not remain effective for a period of at least 120 days (or such shorter period ending on the date Holder completes its distribution of Registrable Securities as contemplated by such registration statement) or if within 120 days after such registration becomes effective (or such shorter period referred to above) such registration is interfered with by any stop order, injunction or other order or requirement of the Commission or

other governmental agency or court for any reason and all the Registrable Securities registered in connection therewith were not sold.

(b) If Registrable Securities which Nabors has been requested to register pursuant to this Section 1.1 are to be disposed of in an underwritten public offering, Holder shall select three underwriters from the list attached hereto as Annex A. Nabors will select the managing underwriter from such three underwriters in connection with the offering. If the managing underwriter shall advise Nabors in writing (with a copy to Holder) stating that, in its opinion, the number of shares proposed to be included in such registration exceeds the number which can be sold in such offering within the price range acceptable to Holder (such opinion to state the approximate number of shares which, in the judgment of the managing underwriter, may be included in such offering without such effect), then Nabors will include in such registration, to the extent of the number of securities which Nabors is so advised can be sold in such offering (i) first, Registrable Securities owned by Holder requested to be registered pursuant to this Section 1.1, and (ii) second, all other securities of Nabors proposed to be included in such registration.

1.2 PIGGYBACK REGISTRATION RIGHTS. If Nabors at any time through the Termination Date proposes (or if Nabors proposes on more than one occasion) to register any of its Equity Securities under the Securities Act for sale, in a manner which would permit registration of Registrable Securities owned by Holder for sale to the public under the Securities Act, it will give written notice to Holder of its intention to register any of its Equity Securities and, upon the written request of Holder given within 30 days after the actual receipt of any such notice, Nabors will cause all or any part of any

Registrable Securities then owned by Holder to be included in such registration statement; provided, however, that Nabors may at any time withdraw or cease proceeding with any such registration if it shall at the same time withdraw or cease proceeding with the registration of such other securities originally proposed to be registered. Notwithstanding anything in the foregoing to the contrary,

(a) if a registration pursuant to this Section 1.2 involves an underwritten offering, Nabors shall select the managing underwriter for the offering and any additional investment bankers or manager to be used in connection with the offering, and, if the managing underwriter shall advise Nabors in writing (with a copy to Holder) that, in its opinion, the number of shares proposed to be included in such registration is so great as would adversely affect the offering, including the price at which the shares can be sold, then Nabors will include in such registration, the maximum number of securities which Nabors is so advised can be sold in such offering without the adverse effect allocated as follows: (i) first, securities of Nabors that Nabors proposes to issue and sell for its own account and securities for which it has granted demand registration rights to Persons other than Holder, (ii) second, Registrable Securities owned by Holder and requested to be registered pursuant to this Section 1.2 and securities of Nabors held by other holders granted similar piggyback or incidental registration rights by Nabors, pro rata among Holder and such other holders on the basis of the total number of shares of such securities requested to be registered by Holder and all such other holders, and (iii) third, all other securities of Nabors proposed to be included in such registration,

(b) any such request of Holder for inclusion in a registration involving an underwriter shall also include the agreement of Holder to sell the applicable number of Registrable Securities only through the underwriters and at the price and upon the terms fixed by the agreement among Nabors and the underwriters or brokers for such transaction,

(c) Nabors shall not be required to include any Registrable Securities owned by Holder in a registration statement on Form S-4 or S-8 (or any successor form) or a registration statement filed in connection with an exchange offer or other offering of securities solely to the then existing shareholders of Nabors, and

(d) the procedures set forth in Section 1.3 (other than those set forth in Section 1.3 (a), (b), (d) or (e)) shall apply to any registration involving a Holder pursuant to the terms of this Section 1.2.

1.3 REGISTRATION PROCEDURES. Registration under this Agreement shall be on such appropriate registration form of the Commission as shall be selected by Nabors and as shall permit the disposition of such Registrable Securities. If and whenever Nabors proposes to effect the registration of any Registrable Securities under the Securities Act as provided in Section 1.1, Nabors will as expeditiously as possible:

(a) promptly and in any event within 45 days of the Registration Notice (subject to the proviso set forth in Section 1.1), prepare and file with the Commission the requisite registration statement to effect such registration and use its best efforts to cause such registration statement to become effective;

(b) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement until the earlier of (i) such time as all of the Registrable Securities have been disposed of by Holder and (ii) 120 days after the effective date of such registration statement, and shall immediately notify Holder when such registration statement is no longer effective under the Securities Act;

(c) furnish as soon as available to Holder and the managing underwriter, if any, (i) such number of copies of such drafts and final versions of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), (ii) such number of copies of such drafts and final versions of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus), (iii) such number of copies of any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and (iv) such number of copies of such other documents, as Holder may reasonably request;

(d) register or qualify the Registrable Securities and other securities covered by such registration statement under such other securities or blue sky laws of such U.S. jurisdictions as Holder shall reasonably request, keep such registration or qualification in effect for so long as such registration statement remains in effect, and take any other action which may be reasonably necessary or advisable to enable Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by Holder, except that Nabors shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this subdivision (d) be obligated to be so qualified or to consent to general service of process in any such jurisdiction;

(c) only in the case of an underwritten offering, furnish to Holder and the underwriters of Registrable Securities:

(i) an opinion of counsel for Nabors, dated the effective date of such registration statement (and, if such registration involves an underwritten public offering, dated the date of the closing under the underwriting agreement), reasonably satisfactory in form and substance to the managing underwriter, and

(ii) a "comfort" letter, dated the effective date of such registration statement (and, if such registration involves an underwritten public offering, dated the date of the closing under the underwriting agreement) signed by the independent public accountants who have certified the Nabors' financial statements included or incorporated by reference in such registration statement and the prospectus included therein and, in the case of the accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in accountants' letters delivered to the underwriters in underwritten public offerings of securities;

(f) notify Holder, at any time when a prospectus relating to Registrable Securities is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in the registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and at the request of Holder promptly prepare and furnish to Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to purchasers or prospective purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(g) otherwise comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months, but not more than eighteen months, beginning with the first full calendar month after the effective date of such registration statement, which earnings statement shall satisfy (in accordance with Rule 158) the provisions of Section 11(a) of the Securities Act, and furnish to Holder at least five Business Days prior to the filing thereof a copy of any amendment or supplement to such registration statement or prospectus, and shall not file any thereof to which Holder shall have reasonably objected on the grounds that such amendment or supplement does not comply in all material respects with the requirements of the Securities Act or the rules or Regulations thereunder;

(h) provide and cause to be maintained a transfer agent and registrar for the Registrable Securities covered by such registration statement from and after a date not later than the effective date of such registration statement; and

(i) cause all Registrable Securities covered by such registration statement to be listed on a national securities exchange and on each additional national securities exchange on which similar securities issued

by Nabors are then listed or the National Market System of the NASD, if the listing of such Registrable Securities is then permitted under the rules of such exchange or the National Market System of the NASD.

In any registration of Registrable Securities pursuant to this Agreement, Holder shall provide to Nabors all necessary information regarding Holder's intended method of distribution. Nabors may require Holder to furnish Nabors such additional information in respect of Holder or its Registrable Securities which will be included in such registration statement as Nabors may reasonably request in writing and as is required by applicable laws or regulations. Nabors agrees to include in any such registration statement all information which Holder shall reasonably request.

1.4 UNDERWRITTEN OFFERINGS.

(a) REQUESTED UNDERWRITTEN OFFERINGS. If requested by the underwriters for any underwritten offering by Holder made pursuant to a registration requested under Section 1.1, Nabors will use its reasonable efforts to enter into a firm commitment underwriting agreement with such underwriters and Holder for such offering, such agreement to be satisfactory in substance and form to Holder and the underwriters and to contain such representations and warranties by Nabors and such other terms as are customarily contained in such agreements, including, without limitation, indemnities to the effect and the extent provided in Section 1.7. Except as set forth in this Agreement, Holder shall not be required to make any representations or warranties to or agreements with Nabors or the underwriters other than representations, warranties or agreements regarding Holder, Holder's Registrable Securities and Holder's intended method of distribution and any other representation required by law.

(b) HOLDBACK AGREEMENTS. Holder agrees, if so required by the managing underwriter, not to effect any public sale or distribution of any Equity Securities of Nabors, during the seven days prior to the date on which any underwritten registration pursuant to Section 1.1 or Section 1.2 has become effective and the 120 days thereafter, except as part of such underwritten registration.

1.5 PREPARATION; REASONABLE INVESTIGATION. In connection with the preparation and filing of each registration statement under the Securities Act in which Registrable Securities are included pursuant to this Agreement, Nabors will give Holder, its counsel, and the managing underwriter or underwriters (if any) the opportunity (a) to review such registration statement, each prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto, and (b) to discuss the business of Nabors with its officers and the independent public accountants who have certified its financial statements.

1.6 REGISTRATION EXPENSES. Nabors will, whether or not any registration pursuant to this Agreement becomes effective, from time to time promptly upon receipt of bills or invoices relating thereto, pay all expenses

incident to its performance of or compliance with this Agreement, including, without limitation, all (a) registration, filing and listing fees, (b) fees and expenses of compliance with securities or Blue Sky laws, (c) printing expenses and messenger and delivery expenses, (d) fees and disbursements of counsel for Nabors and Nabors' independent public accountants (including the expenses of any audit and/or "comfort" letter) and other Persons retained by Nabors and (e) any fees and disbursements of underwriters customarily borne by issuers or sellers of securities (excluding underwriting commissions and discounts which shall be borne by Holder).

1.7 INDEMNIFICATION.

(a) Nabors will, and hereby does, indemnify and hold harmless, to the extent permitted by applicable law, Holder, its officers and directors, if any, and each Person, if any, who controls Holder within the meaning of Section 15 of the Securities Act, and their respective successors, against all losses, claims, damages, liabilities (or proceedings in respect thereof) and expenses, including legal fees incurred in investigating or defending any such loss, claim, damage or liability (under the Securities Act or common law or otherwise), joint or several, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any registration statement or prospectus (and as amended or supplemented if Nabors shall have furnished any amendments or supplements thereto) covering the Registrable Securities or any preliminary prospectus or other document incident thereto or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities (or proceedings in respect thereof) or expenses arise out of or are based upon any untrue statement or alleged untrue statement contained in or by any omission or alleged omission from information furnished in writing to Nabors by Holder expressly for use therein. If the offering pursuant to any registration statement provided for under this Agreement is made through underwriters, no action or failure to act on the part of such underwriters (whether or not any such underwriter is an Affiliate of Holder) shall affect the obligations of Nabors to indemnify Holder or any other Person pursuant to the preceding sentence. If the offering pursuant to any registration statement provided for under this Agreement is made through underwriters, Nabors agrees to enter into an underwriting agreement in customary form, with customary indemnification provisions, with such underwriters. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of Holder, its officers, directors or any Person, if any, who controls Holder as aforesaid, and shall survive the transfer of such securities by Holder.

(b) Holder will and hereby does indemnify, to the extent permitted by applicable law, Nabors, its officers and directors and each Person, if any, who controls Nabors within the meaning of Section 15 of the Securities Act, and their respective successors, against any losses, claims, damages, liabilities (or proceedings in respect thereof) and expenses (including legal fees incurred in investigating or defending any such loss,

claim, damage or liability) arising out of or based upon any untrue statement or alleged untrue statement of a material fact or any omission or alleged omission of a material fact required to be stated in such registration statement or prospectus or preliminary prospectus or any amendment thereof or supplement thereto or necessary to make the statements therein not misleading, but only to the extent that such untrue statement is contained in, or such omission is from information so furnished in, writing by Holder expressly for use therein, provided that Holder's obligations hereunder shall be limited to an amount equal to the proceeds to Holder of the Registrable Securities sold pursuant to such registration statement.

(c) Any Person entitled to indemnification under the provisions of this Section 1.7 shall (i) give prompt notice to the indemnifying Person of any claim with respect to which its seeks indemnification and (ii) unless in such indemnified Person's reasonable judgment a conflict of interest between such indemnified and indemnifying Persons may exist in respect to such claim, permit such indemnifying Person to assume the defense of such claim, with counsel reasonably satisfactory to the indemnified Person; and, if such defense is so assumed, such indemnifying Person shall not enter into any settlement without the consent of the indemnified Person if such settlement attributes liability to the indemnified Person and such indemnified Person shall not be subject to any liability for any settlement made without such consent (which shall not be unreasonably withheld); and any underwriting agreement entered into with respect to any

registration statement provided for under this Agreement shall so provide. In the event that an indemnifying Person shall not be entitled, or elects not, to assume the defense of a claim, such indemnifying Person shall not be obligated to pay the fees and expenses of more than one counsel or firm of counsel for all parties indemnified by such indemnifying Person in respect of such claim, unless, in the reasonable judgment of any such indemnified Person, a conflict of interest may exist between such indemnified Person and any other of such indemnified Persons in respect of such claim.

(d) If for any reason the foregoing indemnity is unavailable, then, subject to the proviso in Section 1.7(b) in the case of Holder, the indemnifying Person shall contribute to the amount paid or payable by the indemnified Person as a result of such losses, claims, damages, liabilities or expenses (i) in such proportion as is appropriate to reflect the relative benefits received by the indemnifying Person on the one hand the indemnified Person on the other or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits received by the indemnifying Person on the one hand and the indemnified Person on the other but also the relative fault of the indemnifying Person and the indemnified Person as well as any other relevant equitable considerations. The relative fault of the indemnifying Person on the one hand and of the indemnified Person on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by

the indemnifying Person or by the indemnified Person and by the Persons' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a Person as a result of the losses, claims, damages, liabilities and expenses shall be deemed to include any legal or other fees or expenses reasonably incurred by the Person in connection with investigating or defending any action or claim. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The obligation of any underwriters to contribute pursuant to this Section 1.7 shall be several in proportion to their respective underwriting commitments and not joint.

(e) An indemnifying Person shall make payments of all amounts required to be made pursuant to the foregoing provisions of this Section 1.7 to or for the account of the indemnified Person from time to time promptly upon receipt of bills or invoices relating thereto or when otherwise due or payable.

1.8 TRANSFER OF REGISTRATION RIGHTS. The registration rights set forth in this Agreement are transferable only in connection with the sale or other transfer to a single purchaser (which purchaser (if not an Affiliate of Oxy) must be approved in advance and in writing by Nabors, with such approval not to be unreasonably withheld) of all (but not less than all) of the Registrable Securities, provided such purchaser agrees (in a writing that names Nabors as an explicit third party beneficiary) to be bound by all of the terms and conditions of this Agreement.

1.9 MERGER OR CONSOLIDATION OF NABORS. Nabors will not merge or consolidate with or into any other corporation unless the corporation resulting from such merger or consolidation (if not Nabors) shall expressly assume, by supplemental agreement, the due and punctual performance and observance of each and every covenant and condition of this Agreement to be performed and observed by Nabors.

1.10 RESTRICTIONS ON TRANSFER.

1.10.1 TRANSFER RESTRICTIONS. (a) The Holder acknowledges that Nabors issued and sold the Registrable Securities owned by the Holder in reliance upon the exemption afforded by Section 4(2) of the Securities Act for transactions by an issuer not involving any public offering. The Holder represents that (1) it has acquired the Registrable Securities for investment and without any view toward distribution of any of the Registrable Securities to any other Person, (2) it will not sell or otherwise dispose of the Registrable Securities except in compliance with the registration requirements or exemption provisions under the Securities Act and (3) before any sale or other disposition of any of the Registrable Securities (other than in a sale registered under the Securities Act, or pursuant to Rule 144 under the Securities Act unless Nabors shall have been advised by counsel that such sale does not meet the requirements of Rule 144 for the sale), it will deliver to Nabors an opinion of counsel reasonably satisfactory to Nabors to the effect

that such registration is unnecessary. Subject to the foregoing, the Holder may freely sell or transfer the Registrable Securities; provided, however, that other than a sale registered under the Securities Act, or pursuant to Rule 144 under the Securities Act, any such transfer shall consist of not less than all of the Registrable Securities.

(b) Except as otherwise permitted by this Section 1.10, the certificate evidencing the Registrable Securities shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT, EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH AN EXEMPTION IS REQUIRED- BY LAW. SUCH SHARES MAY BE TRANSFERRED ONLY IN COMPLIANCE WITH THE CONDITIONS SPECIFIED IN A CERTAIN REGISTRATION RIGHTS AGREEMENT. A COMPLETE AND CORRECT COPY OF THE FORM OF SUCH AGREEMENT IS AVAILABLE FOR INSPECTION AT THE PRINCIPAL OFFICE OF NABORS INDUSTRIES, INC. AND WILL BE FURNISHED TO THE HOLDER OF SUCH SHARES UPON WRITTEN REQUEST AND WITHOUT CHARGE."

1.10.2 TERMINATION OF RESTRICTIONS. The restrictions imposed by this Section 1.10 upon the transferability of Registrable Securities shall cease and terminate as to any particular Registrable Securities (a) when such securities shall have been effectively registered under the Securities Act, or (b) when, in the opinions of both counsel for the holder thereof and counsel for Nabors, such restrictions are no longer required in order to insure compliance with the Securities Act or (c) when such securities have been beneficially owned, by a person who has not been an affiliate of Nabors for at least three months, for a period of at least three years (or such shorter period as shall be determined under Rule 144 under the Securities Act), all as determined pursuant to Rule 144 under the Securities Act. Whenever such restrictions shall cease and terminate as to any Registrable Securities, the holder thereof shall be entitled to receive from Nabors, without expense (other than applicable transfer taxes, if any), new securities of like tenor not bearing the applicable legend required by Section 1.10.1. Nabors will pay the reasonable fees and disbursements of counsel for any holder of Registrable Securities (other than house counsel) and of counsel for Nabors in connection with any opinions rendered by them pursuant to this Section 1.10.

1.11 CERTAIN DEFINITIONS. As used herein, the following defined terms shall have the following meanings:

"Affiliate": any Person that is an "affiliate" within the meaning of the regulations promulgated under the Securities Act.

"Business Day": any day, other than a Saturday, Sunday or a day on which commercial banking institutions in the City of New York, State of New

York, are required or authorized by law to close.

"Closing": as defined in the Stock Purchase Agreement.

"Commission": the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Common Stock": the Common Stock, par value $.10 per share, of Nabors.

"Equity Securities": of a Person means the capital or voting stock of such Person and all other securities convertible into, or exchangeable or exercisable for, any shares of such capital or voting stock, all rights to subscribe for or to purchase, all options and warrants for the purchase of, and all calls, commitments or claims of any character relating to, any shares of such capital or voting stock, all equity equivalents, interests in the ownership or earnings or other similar rights of, or with respect to, such Person, and any securities convertible into or exchangeable or exercisable for any of the foregoing.

"Holder": Oxy, or the purchaser (in a transfer made in compliance with Section 1.8) of all Registrable Securities.

"NASD": The National Association of Securities Dealers, Inc.

"Person": a corporation, a limited liability company, an association, a partnership, an organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

"Registrable Securities": shares of Common Stock originally acquired by Oxy pursuant to the Stock Purchase Agreement, provided, that such shares of Common Stock shall cease to be Registrable Securities when (w) a registration statement with respect to the sale of such shares shall have become effective under the Securities Act and such shares shall have been disposed of in accordance with such registration statement, (x) they shall have been distributed to the public pursuant to Rule 144 under the Securities Act, (y) they shall have otherwise been transferred, new instruments or certificates of them not bearing a legend restricting further transfer shall have been delivered by Nabors and subsequent disposition of them shall not require registration or qualification of them under the Securities Act or any similar state law then in force, or (z) they shall have ceased to be outstanding.

"Securities Act": The Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Stock Purchase Agreement": Stock Purchase Agreement, dated as of March 8, 1996, between Nabors and Oxy, as amended by Amendment No. 1 to Stock Purchase Agreement, dated as of April 23, 1996, between Nabors and Oxy.

"Termination Date": the third anniversary of the Closing, provided

that, if the minimum holding period under Rule 144 applicable to resales of securities by non-affiliates in compliance with the volume and manner of sale requirements of such Rule is reduced, "Termination Date" shall mean a comparable period after the Closing.

1.12 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

1.13 SUCCESSORS AND ASSIGNS. The terms of this Agreement shall be binding upon and inure to the benefit of (i) Nabors and its successors and assigns and (ii) Holder and its successors and assigns. NOTHING CONTAINED IN THIS AGREEMENT, EXPRESS OR IMPLIED, IS INTENDED OR SHALL BE CONSTRUED TO CONFER UPON OR TO GIVE TO ANY PERSON, OTHER THAN NABORS AND HOLDER, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, ANY RIGHTS, REMEDIES OR OBLIGATIONS UNDER OR BY REASON, OF THIS AGREEMENT.

1.14 ENTIRE AGREEMENT. This Agreement (including the documents referred to herein) constitutes the entire agreement between the parties hereto, and supersedes all prior understandings and agreements, with respect to the subject matter hereof.

1.15 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed an original, but all of which together shall constitute one and the same instrument.

1.16 NOTICES. All notices and other communications hereunder shall be in writing and may be sent by (i) personal delivery (including courier service), (ii) telecopier during normal business hours to the number indicated below, or (iii) first class or registered or certified mail, postage prepaid, and addressed as follows:

IF TO OXY AT:

Occidental Oil and Gas Corporation
1200 Discovery Drive
Bakersfield, California 93309-7008
Attention: Executive Vice President and Chief Financial Officer
Telecopier: (805) 322-7457

WITH A COPY TO:

Occidental Petroleum Corporation
10889 Wilshire Boulevard
Los Angeles, California 90024
Attention: Vice President - Operations
Telecopier: (310) 443-6331

IF TO NABORS AT:

Nabors Industries, Inc.
515 West Greens Road, Suite 1200
Houston, Texas 77067
Attention: Anthony G. Petrello, President
Telecopier No.: (713) 872-5205

WITH A COPY TO:

Baker & McKenzie
805 Third Avenue
New York, New York 10022
Attention: Howard M. Berkower
Telecopier: (212) 759-9133

Nabors or any Holder may change or add its address or telecopier number to which notices and other communications hereunder are to be delivered by giving Nabors or such Holder, as the case may be, notice in the manner herein set forth. Each notice and other communication shall be effective (1) if given by telecopier, when the telecopy is transmitted to the proper address and the receipt of the transmission is confirmed, (2) if given by mail, 72 hours after the notice or other communication is deposited in the mail properly addressed with first class postage prepaid or (3) if given by any other means, when delivered to the proper address and a written acknowledgment of delivery is received.

1.17 HEADINGS. The descriptive headings of the several Sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

1.18 SEVERABILTY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of the Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

1.19 CONSTRUCTION. Personal pronouns, when used in this Agreement, whether in the masculine, feminine or neuter gender, shall include all other genders, and the singular shall include the plural, and vice versa. All references in this Agreement to (i) Sections or subsections shall refer to the corresponding Section or subsection of this Agreement, unless specific reference is made to a Section or subsection of another document or instrument, and (ii) an Annex shall refer to the corresponding Annex to this Agreement. Any reference in this Agreement to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

1.20 AMENDMENTS AND WAIVERS. No amendment, modification, termination or waiver of any provision of the Agreement shall be valid unless

it shall be in writing and signed by Nabors and Holder. No waiver by Nabors or any Holder of any default, misrepresentation, breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, breach of warranty or covenant hereunder or to affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

IN WITNESS WHEREOF, the parties have caused this Registration Rights Agreement to be executed as of the date first above written.

NABORS INDUSTRIES, INC.

By:
Name: Richard A. Stratton
Title: Vice Chairman

OCCIDENTAL OIL & GAS CORPORATION

By:
Name: Charles A. Purser
Title: Assistant Secretary

Merrill Lynch, Pierce, Fenner & Smith Incorporated

Goldman, Sachs & Co.

Salomon Brothers Inc

Paine Webber Incorporated

Howard, Weil, Labouisse, Friedrichs Inc.

Simmons & Co.

EXHIBIT 10.4

1994 EXECUTIVE
STOCK OPTION AGREEMENT
NABORS INDUSTRIES, INC.

This Agreement is effective the 28th day of December, 1994, between NABORS INDUSTRIES, INC., a Delaware corporation (the "Company"), and EUGENE M. ISENBERG ("Optionee"),

W I T N E S S E T H:

1. Grant of Option. The Company hereby grants to Optionee, subject to the terms and conditions herein set forth (the "Plan"), the right and option to purchase from the Company all or any part of an aggregate of 1,800,000 shares of Stock of the Company at the purchase price of $6.375 per share, such option to be exercisable as hereinafter provided.

2. Terms and Conditions. The option evidenced hereby is subject to the following terms and conditions:

(a) Expiration Date. The option shall expire on December 27, 2004.

(b) Exercise of Option. Subject to the accelerated vesting as otherwise provided for in this Agreement, the option shall be exercisable in four equal installments in accordance with the following schedule: 450,000 on October 1, 1995 (the "First Installment"), a further 450,000 on October 1, 1996 (the "Second Installment"), a further 450,000 on

October 1, 1997 (the "Third Installment"), and a further 450,000 on October 1, 1998 (the "Fourth Installment"). However, in the event that the Common Stock of the Company trades at or above the Average Closing Price on or prior to the scheduled vesting date indicated in the table below, the relevant installment will be accelerated and become immediately vested:

<TABLE>
<CAPTION>

INSTALLMENT	SCHEDULED VESTING DATE	ACCELERATED IF AVERAGE CLOSING PRICE EQUALS OR EXCEEDS
<S>	<C>	<C>
First	October 1, 1995	$7.3313
Second	October 1, 1996	$8.4309

Third	October 1, 1997	$9.6956
Fourth	October 1, 1998	$11.1499

</TABLE>

In addition, in the event any installment is vested early as provided for in the preceding sentence, new options (hereinafter the "Reload Options") equal in number to the number of options of the installments vesting early shall be granted to the Optionee upon the exercise of such vested options or any other options held by the Optionee pursuant to any other grant prior, or subsequent, to the effective date of this Agreement in a number equal to the number of such options exercised. These Reload Options will have an exercise price equal to the Closing Price on the date of the new grant and shall be immediately vested and exercisable for a period from the date of grant through the expiration date of the original option replaced. Any option not exercised on any applicable vesting date may be exercised thereafter at any time, in whole or in part, before the relevant expiration date of the option. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which the option is being exercised. If the Optionee so requests, shares of Common Stock purchased upon exercise of an option may be issued in the name of the Optionee or another person.

(c) Payment of Purchase Price Upon Exercise. At the time of any exercise, Optionee shall deliver to the Company, together with the notice provided in paragraph (b) above, the full amount of the purchase price therefore payable either by bank cashier's check or certified check payable to the order of the Company or in Common Stock delivered by the Optionee valued at the Closing Price of such Common Stock, or any combination of cash or Common Stock in the sole discretion of the Optionee. The term "Closing Price" shall be the last sale price regular way on the date of exercise of the option or, in the case no sale takes place on such date, the average of the high bid and low asked prices regular way, in either case on the principal National Securities Exchange in which the Common Stock is listed or admitted to trading or, if the shares of Common Stock are not listed or admitted to trading on any such securities exchange, the last sales price in the over-counter market as reported by NASDAQ or such other system then in use. If the Common Stock is not traded such that the Closing Price can be determined in accordance with the preceding sentence, the Closing Price shall mean the fair market value of the Common Stock as of the last day of the measuring period as determined by an independent investment banker approved by the Corporation and the Employee. The Average Closing Price shall be the average of the Closing Prices for a twenty (20) day consecutive period of trading days.

(d) Exercise Upon Termination of Employment. Any option granted hereunder (including all Reload Options) may be exercised by the Optionee, his heirs, devisees, legatees or assigns at any time before the relevant expiration date, whether or not Optionee ceases to be an employee and whether or not such employment is terminated by voluntary written resignation, by action of the Company for cause, without cause, or by reason of death

or disability, with respect to all options as to which his right of exercise

has vested as provided for in paragraph (b) or as to which his right of exercise shall vest in accordance with the next sentence of this paragraph on the date of his termination of employment. In the event of a termination of employment for any reason, except by the Company for cause or by voluntary resignation by Optionee, all unvested options granted under this Agreement shall be immediately exercisable as of the date of his termination of his employment without regard to the installment provision set forth in paragraph (b) above. In this event, the target Average Closing Prices defined in paragraph 2(b) shall be deemed to have been achieved on or before the scheduled vesting date and Optionee shall also have the right to the Reload Options as described therein. The term "for cause" shall have the same meaning as in section 4(a)(v) of the Optionee's Employment Agreement dated January 6, 1987 ("Employment Agreement").

(e) Transferability. This option may be transferred by the Employee with the consent of the Company which shall not be unreasonably withheld at any time; provided however, Section 2(d) of this Agreement shall be applied based on the Employee and his status and not that of any assignee.

(f) Adjustments. In the event of a reorganization, recapitalization, stock split, stock dividend, Extraordinary Dividend, combination of shares, consolidation, merger (other than a merger or consolidation which does not result in any reclassification, conversion, exchange or cancellation of outstanding shares), any sale or transfer by the Company of all or substantially all of its assets or any tender offer or exchange offer for or the acquisition, directly or indirectly, by any person or group of all or a majority of the then outstanding voting securities of the Company, rights offering, or any other change in the corporate structure or

rights with respect to any shares of the Company, adjustments shall be made to the number or type of stock subject to this Agreement and, in order to prevent dilution or enlargement of the rights of Optionee, to the number of Options, and the type and option price of stock subject to outstanding Options or as provided below with respect to Extraordinary Dividend. In the case of an Extraordinary Dividend, the Optionee shall be entitled to have distributed to him upon the exercise of any portion of the option an amount equal to the Extraordinary Dividend he would have received had he exercised such portion of the option immediately prior to the declaration of the Extraordinary Dividend. For this purpose, an Extraordinary Dividend shall mean any dividend or dividends paid or declared in the twelve month period immediately prior to the day after any such declaration in excess in the aggregate of 7% of the average Closing Price of the Common Stock during such period.

(g) Withholding of Taxes. No stock may be granted or option may be exercised unless the Grantee or the Optionee has paid, or has made provision, satisfactory to the Committee for payment of, federal, state and local income taxes, or any other taxes (other than stock transfer taxes) which the Company may be obligated to collect as a result of the issue or transfer of shares of Stock upon exercise of an option. The Optionee may elect that shares of Common Stock can be applied towards the payment of withholding taxes.

3. Treatment of Options as Non-Qualified Stock Options. The Company and Optionee acknowledge that the stock options granted hereunder shall be treated as non-qualified stock options for U.S. federal income tax purposes.

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4. Registration, Listing and Qualification of Shares of Stock.

(a) Registration. The Company, within six months of the date any option granted pursuant to this Agreement first becomes vested and exercisable, shall register all the shares underlying the options on a Registration Statement on Form S-8 ("S-8"). The Company shall also prepare and file a Form S-3 prospectus with such S-8.

(b) Listing. The Company, within six months of the date any option granted pursuant to this Agreement first becomes vested and exercisable, shall list all the shares underlying the options on the American Stock Exchange with an Additional Listing Application.

(c) Qualification. The Company may require Optionee to furnish to the Company, prior to the issuance of any shares upon the exercise of all or any part of this option, an agreement in which Optionee acknowledges the status of the shares and the conditions and the restrictions, if any, upon their sale or distribution under the applicable securities laws.

5. Notices. Any notice hereunder to the Company shall be addressed to it at its office as follows: Attn: Corporate Secretary. Any notice hereunder to Optionee shall be addressed to him at Two North Breakers Row, Apt. 25-S, Palm Beach, Florida 33480. Either party may designate at any time hereafter in writing some other address.

6. Binding Agreement. This Agreement constitutes the binding agreement of the parties with respect to the grant of options to the Optionee under the Plan. Notwithstanding any discretionary authority possessed by the Committee under the Plan or the Company to

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impose other terms or conditions on the grant or exercise of options, no additional terms or condition (other than those expressly stated in this Agreement) may be imposed by the unilateral action of the Committee or the Company. This Agreement may not be modified except by the mutual agreement of the parties in writing.

7. No Termination or Amendment. No termination or amendment of the Plan by the Company, without the consent of Optionee, shall adversely affect the rights of Optionee with respect to any option granted under this Agreement.

8. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

NABORS INDUSTRIES, INC.

By: _____
Daniel McLachlin

_____
EUGENE M. ISENBERG

EXHIBIT 10.5

1994 EXECUTIVE
STOCK OPTION AGREEMENT
NABORS INDUSTRIES, INC.

This Agreement is effective the 28th day of December, 1994, between NABORS INDUSTRIES, INC., a Delaware corporation (the "Company"), and ANTHONY G. PETRELLO ("Optionee"),

W I T N E S S E T H:

1. Grant of Option. The Company hereby grants to Optionee, subject to the terms and conditions herein set forth (the "Plan"), the right and option to purchase from the Company all or any part of an aggregate of 1,600,000 shares of Stock of the Company at the purchase price of $6.375 per share, such option to be exercisable as hereinafter provided.

2. Terms and Conditions. The option evidenced hereby is subject to the following terms and conditions:

(a) Expiration Date. The option shall expire on December 27, 2004.

(b) Exercise of Option. Subject to the accelerated vesting as otherwise provided for in this Agreement, the option shall be exercisable in four equal installments in accordance with the following schedule: 400,000 on October 1, 1995 (the "First Installment"), a further 400,000 on October 1, 1996 (the "Second Installment"), a further 400,000 on October 1, 1997 (the "Third Installment"), and a further 400,000 on October 1, 1998 (the

"Fourth Installment"). However, in the event that the Common Stock of the Company trades at or above the Average Closing Price on or prior to the scheduled vesting date indicated in the table below, the relevant installment will be accelerated and become immediately vested:

<TABLE>
<CAPTION>

INSTALLMENT	SCHEDULED VESTING DATE	ACCELERATED IF AVERAGE CLOSING PRICE EQUALS OR EXCEEDS
<S>	<C>	<C>
First	October 1, 1995	$7.3313

Second	October 1, 1996	$8.4309
Third	October 1, 1997	$9.6956
Fourth	October 1, 1998	$11.1499

</TABLE>

In addition, in the event any installment is vested early as provided for in the preceding sentence, new options (hereinafter the "Reload Options") equal in number to the number of options of the installments vesting early shall be granted to the Optionee upon the exercise of such vested options or any other options held by the Optionee pursuant to any other grant prior, or subsequent, to the effective date of this Agreement in a number equal to the number of such options exercised. These Reload Options will have an exercise price equal to the Closing Price on the date of the new grant and shall be immediately vested and exercisable for a period from the date of grant through the expiration date of the original option replaced. Any option not exercised on any applicable vesting date may be exercised thereafter at any time, in whole or in part, before the relevant expiration date of the option. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which the option is being exercised. If the Optionee so requests, shares of Common Stock purchased upon exercise of an option may be issued in the name of the Optionee or another person.

(c) Payment of Purchase Price Upon Exercise. At the time of any exercise, Optionee shall deliver to the Company, together with the notice provided in

paragraph (b) above, the full amount of the purchase price therefore payable either by bank cashier's check or certified check payable to the order of the Company or in Common Stock delivered by the Optionee valued at the Closing Price of such Common Stock, or any combination of cash or Common Stock in the sole discretion of the Optionee. The term "Closing Price" shall be the last sale price regular way on the date of exercise of the option or, in the case no sale takes place on such date, the average of the high bid and low asked prices regular way, in either case on the principal National Securities Exchange in which the Common Stock is listed or admitted to trading or, if the shares of Common Stock are not listed or admitted to trading on any such securities exchange, the last sales price in the over-counter market as reported by NASDAQ or such other system then in use. If the Common Stock is not traded such that the Closing Price can be determined in accordance with the preceding sentence, the Closing Price shall mean the fair market value of the Common Stock as of the last day of the measuring period as determined by an independent investment banker approved by the Corporation and the Employee. The Average Closing Price shall be the average of the Closing Prices for a twenty (20) day consecutive period of trading days.

(d) Exercise Upon Termination of Employment. Any option granted hereunder (including all Reload Options) may be exercised by the Optionee, his heirs, devisees, legatees or assigns at any time before the relevant expiration date, whether or not Optionee ceases to be an employee and whether or not such employment is terminated by voluntary written resignation,

by action of the Company for cause, without cause, or by reason of death or disability, with respect to all options as to which his right of exercise has vested as provided for in paragraph (b) or as to which his right of exercise shall vest in accordance with the next sentence of this paragraph on the date of his termination of employment. In the event of a

termination of employment for any reason, except by the Company for cause or by voluntary resignation by Optionee, all unvested options granted under this Agreement shall be immediately exercisable as of the date of his termination of his employment without regard to the installment provision set forth in paragraph (b) above. In this event, the target Average Closing Prices defined in paragraph 2(b) shall be deemed to have been achieved on or before the scheduled vesting date and Optionee shall also have the right to the Reload Options as described therein. The term "for cause" shall have the same meaning as in section 4(a)(vi) of the Optionee's Employment Agreement dated January 4, 1992 ("Employment Agreement").

(e) Transferability. This option may be transferred by the Employee with the consent of the Company which shall not be unreasonably withheld at any time; provided however, Section 2(d) of this Agreement shall be applied based on the Employee and his status and not that of any assignee.

(f) Adjustments. In the event of a reorganization, recapitalization, stock split, stock dividend, Extraordinary Dividend, combination of shares, consolidation, merger (other than a merger or consolidation which does not result in any reclassification, conversion, exchange or cancellation of outstanding shares), any sale or transfer by the Company of all or substantially all of its assets or any tender offer or exchange offer for or the acquisition, directly or indirectly, by any person or group of all or a majority of the then outstanding voting securities of the Company, rights offering, or any other change in the corporate structure or rights with respect to any shares of the Company, adjustments shall be made to the number or type of stock subject to this Agreement and, in order to prevent dilution or enlargement of the rights of Optionee, to the number of Options, and the type and option price of stock subject to outstanding Options or as provided below with respect to Extraordinary Dividend. In the case

of an Extraordinary Dividend, the Optionee shall be entitled to have distributed to him upon the exercise of any portion of the option an amount equal to the Extraordinary Dividend he would have received had he exercised such portion of the option immediately prior to the declaration of the Extraordinary Dividend. For this purpose, an Extraordinary Dividend shall mean any dividend or dividends paid or declared in the twelve month period immediately prior to the day after any such declaration in excess in the aggregate of 7% of the average Closing Price of the Common Stock during such period.

(g) Withholding of Taxes. No stock may be granted or option may be exercised unless the Grantee or the Optionee has paid, or has made provision, satisfactory to the Committee for payment of, federal, state and

local income taxes, or any other taxes (other than stock transfer taxes) which the Company may be obligated to collect as a result of the issue or transfer of shares of Stock upon exercise of an option. The Optionee may elect that shares of Common Stock can be applied towards the payment of withholding taxes.

3. Treatment of Options as Non-Qualified Stock Options. The Company and Optionee acknowledge that the stock options granted hereunder shall be treated as non-qualified stock options for U.S. federal income tax purposes.

4. Registration, Listing and Qualification of Shares of Stock.

(a) Registration. The Company, within six months of the date any option granted pursuant to this Agreement first becomes vested and exercisable, shall register all the shares underlying the options on a Registration Statement on Form S-8 ("S-8"). The Company shall also prepare and file a Form S-3 prospectus with such S-8.

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(b) Listing. The Company, within six months of the date any option granted pursuant to this Agreement first becomes vested and exercisable, shall list all the shares underlying the options on the American Stock Exchange with an Additional Listing Application.

(c) Qualification. The Company may require Optionee to furnish to the Company, prior to the issuance of any shares upon the exercise of all or any part of this option, an agreement in which Optionee acknowledges the status of the shares and the conditions and the restrictions, if any, upon their sale or distribution under the applicable securities laws.

5. Notices. Any notice hereunder to the Company shall be addressed to it at its office as follows: Attn: Corporate Secretary. Any notice hereunder to Optionee shall be addressed to him at The Houstonian, 111 North Post Oak Lane, Suite 445, Houston, Texas 77024. Either party may designate at any time hereafter in writing some other address.

6. Binding Agreement. This Agreement constitutes the binding agreement of the parties with respect to the grant of options to the Optionee under the Plan. Notwithstanding any discretionary authority possessed by the Committee under the Plan or the Company to impose other terms or conditions on the grant or exercise of options, no additional terms or condition (other than those expressly stated in this Agreement) may be imposed by the unilateral action of the Committee or the Company. This Agreement may not be modified except by the mutual agreement of the parties in writing.

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7. No Termination or Amendment. No termination or amendment of the Plan by the Company, without the consent of Optionee, shall adversely affect the rights of Optionee with respect to any option granted under this Agreement.

8. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

NABORS INDUSTRIES, INC.

By: _____
Daniel McLachlin

_____
ANTHONY G. PETRELLO

EXHIBIT 10.6

1994 EXECUTIVE STOCK OPTION AGREEMENT NABORS INDUSTRIES, INC.

This Agreement is effective the 28th day of December, 1994, between NABORS INDUSTRIES, INC., a Delaware corporation (the "Company"), and RICHARD A. STRATTON ("Optionee"),

W I T N E S S E T H:

1. Grant of Option. The Company hereby grants to Optionee, subject to the terms and conditions herein set forth (the "Plan"), the right and option to purchase from the Company all or any part of an aggregate of 200,000 shares of Stock of the Company at the purchase price of $6.375 per share, such option to be exercisable as hereinafter provided.

2. Terms and Conditions. The option evidenced hereby is subject to the following terms and conditions:

(a) Expiration Date. The option shall expire on December 27, 2004.

(b) Exercise of Option. Subject to the accelerated vesting as otherwise provided for in this Agreement, the option shall be exercisable in two equal installments in accordance with the following schedule: 100,000 on December 28, 1995 (the "First Installment"), and a further 100,000 on December 28, 1996 (the "Second Installment").

However, in the event that the Common Stock of the Company trades at or above the Average Closing Price on or prior to the scheduled vesting date indicated in the table below, the relevant installment will be accelerated and become immediately vested:

<TABLE>
<CAPTION>

INSTALLMENT	SCHEDULED VESTING DATE	ACCELERATED IF AVERAGE CLOSING PRICE EQUALS OR EXCEEDS
<S>	<C>	<C>
First	December 28, 1995	$7.3313
Second	December 28, 1996	$8.4309

</TABLE>

In addition, in the event any installment is vested early as provided for in the preceding sentence, new options (hereinafter the "Reload Options") equal in number to the number of options of the installments vesting early shall be granted to the Optionee upon the exercise of such vested options or any other options held by the Optionee pursuant to any other grant prior, or subsequent, to the effective date of this Agreement in a number equal to the number of such options exercised. These Reload Options will have an exercise price equal to the Closing Price on the date of the new grant and shall be immediately vested and exercisable for a period from the date of grant through the expiration date of the original option replaced. Any option not exercised on any applicable vesting date may be exercised thereafter at any time, in whole or in part, before the relevant expiration date of the option. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which the option is being exercised. If the Optionee so requests, shares of Common Stock purchased upon exercise of an option may be issued in the name of the Optionee or another person.

(c) Payment of Purchase Price Upon Exercise. At the time of any exercise, Optionee shall deliver to the Company, together with the notice provided in paragraph (b) above, the full amount of the purchase price therefore payable either by bank

cashier's check or certified check payable to the order of the Company or in Common Stock delivered by the Optionee valued at the Closing Price of such Common Stock, or any combination of cash or Common Stock in the sole discretion of the Optionee. The term "Closing Price" shall be the last sale price regular way on the date of exercise of the option or, in the case no sale takes place on such date, the average of the high bid and low asked prices regular way, in either case on the principal National Securities Exchange in which the Common Stock is listed or admitted to trading or, if the shares of Common Stock are not listed or admitted to trading on any such securities exchange, the last sales price in the over-counter market as reported by NASDAQ or such other system then in use. If the Common Stock is not traded such that the Closing Price can be determined in accordance with the preceding sentence, the Closing Price shall mean the fair market value of the Common Stock as of the last day of the measuring period as determined by an independent investment banker approved by the Corporation and the Employee. The Average Closing Price shall be the average of the Closing Prices for a twenty (20) day consecutive period of trading days.

(d) Exercise Upon Termination of Employment. Any option granted hereunder (including all Reload Options) may be exercised by the Optionee, his heirs, devisees, legatees or assigns at any time before the relevant expiration date, whether or not Optionee ceases to be an employee and whether or not such employment is terminated by voluntary written resignation, by action of the Company for cause, without cause, or by reason of death or disability, with respect to all options as to which his right of exercise has vested as provided for in paragraph (b) or as to which his right of exercise shall vest in accordance with the next sentence of this paragraph on the date

of his termination of employment. In the event of a termination of employment for any reason, except by the Company for cause or by voluntary

resignation by Optionee, all unvested options granted under this Agreement shall be immediately exercisable as of the date of his termination of his employment without regard to the installment provision set forth in paragraph (b) above. In this event, the target Average Closing Prices defined in paragraph 2(b) shall be deemed to have been achieved on or before the scheduled vesting date and Optionee shall also have the right to the Reload Options as described therein. The term "for cause" shall have the same meaning as in section 4(a)(v) of the Optionee's Employment Agreement dated January 4, 1991 ("Employment Agreement").

(e) Transferability. This option may be transferred by the Employee with the consent of the Company which shall not be unreasonably withheld at any time; provided however, Section 2(d) of this Agreement shall be applied based on the Employee and his status and not that of any assignee.

(f) Adjustments. In the event of a reorganization, recapitalization, stock split, stock dividend, Extraordinary Dividend, combination of shares, consolidation, merger (other than a merger or consolidation which does not result in any reclassification, conversion, exchange or cancellation of outstanding shares), any sale or transfer by the Company of all or substantially all of its assets or any tender offer or exchange offer for or the acquisition, directly or indirectly, by any person or group of all or a majority of the then outstanding voting securities of the Company, rights offering, or any other change in the corporate structure or rights with respect to any shares of the Company, adjustments shall be made to the number or type of stock subject to this Agreement and, in order to prevent dilution or enlargement of the rights of Optionee, to the number of Options, and the type and option price of stock subject to outstanding Options or as provided below with respect to Extraordinary Dividend. In the case

of an Extraordinary Dividend, the Optionee shall be entitled to have distributed to him upon the exercise of any portion of the option an amount equal to the Extraordinary Dividend he would have received had he exercised such portion of the option immediately prior to the declaration of the Extraordinary Dividend. For this purpose, an Extraordinary Dividend shall mean any dividend or dividends paid or declared in the twelve month period immediately prior to the day after any such declaration in excess in the aggregate of 7% of the average Closing Price of the Common Stock during such period.

(g) Withholding of Taxes. No stock may be granted or option may be exercised unless the Grantee or the Optionee has paid, or has made provision, satisfactory to the Committee for payment of, federal, state and local income taxes, or any other taxes (other than stock transfer taxes) which the Company may be obligated to collect as a result of the issue or transfer of shares of Stock upon exercise of an option. The Optionee may elect that shares of Common Stock can be applied towards the payment of withholding taxes.

3. Treatment of Options as Non-Qualified Stock Options. The Company and Optionee acknowledge that the stock options granted hereunder shall be treated as non-qualified stock options for U.S. federal income tax purposes.

4. Registration, Listing and Qualification of Shares of Stock.

(a) Registration. The Company, within six months of the date any option granted pursuant to this Agreement first becomes vested and exercisable, shall register all the shares underlying the options on a Registration Statement on Form S-8 ("S-8"). The Company shall also prepare and file a Form S-3 prospectus with such S-8.

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(b) Listing. The Company, within six months of the date any option granted pursuant to this Agreement first becomes vested and exercisable, shall list all the shares underlying the options on the American Stock Exchange with an Additional Listing Application.

(c) Qualification. The Company may require Optionee to furnish to the Company, prior to the issuance of any shares upon the exercise of all or any part of this option, an agreement in which Optionee acknowledges the status of the shares and the conditions and the restrictions, if any, upon their sale or distribution under the applicable securities laws.

5. Notices. Any notice hereunder to the Company shall be addressed to it at its office as follows: Attn: Corporate Secretary. Any notice hereunder to Optionee shall be addressed to him at 26344 McDonald Road, The Woodlands, Texas 77380. Either party may designate at any time hereafter in writing some other address.

6. Binding Agreement. This Agreement constitutes the binding agreement of the parties with respect to the grant of options to the Optionee under the Plan. Notwithstanding any discretionary authority possessed by the Committee under the Plan or the Company to impose other terms or conditions on the grant or exercise of options, no additional terms or condition (other than those expressly stated in this Agreement) may be imposed by the unilateral action of the Committee or the Company. This Agreement may not be modified except by the mutual agreement of the parties in writing.

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7. No Termination or Amendment. No termination or amendment of the Plan by the Company, without the consent of Optionee, shall adversely affect the rights of Optionee with respect to any option granted under this Agreement.

8. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

NABORS INDUSTRIES, INC.

By: ----------

Daniel McLachlin

RICHARD A. STRATTON

EXHIBIT 10.14

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement, dated as of March 8, 1996, is by and between Nabors Industries, Inc., a Delaware corporation, and Occidental Oil and Gas Corporation, a California corporation.

RECITALS

WHEREAS, Oxy (as such term and certain other terms used in this Agreement with initial capital letters are defined in Exhibit A) owns, beneficially and of record, all of the Stock; and

WHEREAS, subject to, and in accordance with, the terms of this Agreement, Nabors wishes to purchase from Oxy, and Oxy wishes to sell to Nabors, all of the Stock for the Purchase Price; and

WHEREAS, the Parties desire to set forth certain representations, warranties and covenants made by each to the other as an inducement to the consummation of such purchase and sale of the Stock;

NOW, THEREFORE, in consideration of the premises and of the mutual promises herein set forth, the Parties agree as follows:

1. PURCHASE AND SALE OF STOCK.

(a) BASIC TRANSACTION. Upon the terms, and subject to the conditions, of this Agreement, Nabors agrees to purchase from Oxy, and Oxy agrees to sell to Nabors, all of the issued and outstanding shares of the Stock.

(b) PURCHASE PRICE. The purchase price for the Stock (the "Purchase Price") shall be the Consideration.

(c) PAYMENT OF THE ESTIMATED CASH PORTION OF THE PURCHASE PRICE AT THE CLOSING. At the Closing, Nabors shall pay to Oxy the Estimated Cash Portion of the Purchase Price, by wire transfer of immediately available funds into a bank account of Oxy at a bank in New York, New York, the name of which bank and the number of which account shall be furnished by Oxy to Nabors not later than three Business Days prior to the Closing Date.

(d) ESTIMATED CASH PORTION OF THE PURCHASE PRICE. At least ten calendar days prior to the Closing, Oxy shall prepare and deliver to Nabors a statement setting forth (i) an estimate of the amount of the Consolidated Working Capital, and (ii) a calculation of the Estimated Cash Portion of the Purchase Price based upon such estimate. In the event that Nabors does not agree with Oxy's computation, Nabors shall promptly notify Oxy of the same, Oxy shall promptly provide such additional information as Nabors shall reasonably request to support such computations, and the Parties shall negotiate in good faith and attempt to agree, at least three Business Days prior to the Closing Date, upon an acceptable estimate of such amounts. Failing any such mutual agreement, the Estimated Cash Portion of the Purchase Price delivered at the Closing shall be $29,000,000.

(e) WARRANT. At the Closing, Nabors will issue the Warrant, with the Warrant Exercise Price, the Warrant Expiration Date, and the Warrant Shares calculated or determined pursuant to the provisions of this Agreement duly inserted in the appropriate places thereon. The number of the Warrant Shares shall be adjusted in the event of any change in the Nabors Common Stock by reason of the issuance of any Equity Securities, stock or other non-cash dividends, extraordinary cash dividends, split-ups, mergers, recapitalizations, combinations, subdivisions, conversions, exchange of shares or the like after the date of this Agreement and on or before the Closing Date, such that, in each case, Oxy shall receive upon the payment of the Warrant Exercise Price the number and class of shares or other securities or property that would have been received in respect of a share of the Nabors Common Stock if the Closing Date had occurred immediately prior to such event, or the record date therefor, as applicable. No adjustment made pursuant to this Section 1(e) shall constitute, or be deemed to be, a waiver by Oxy of any breach of any of the representations, warranties or obligations of Nabors contained in this Agreement.

(f) CLOSING AND CLOSING DATE. The closing (the "Closing") of the purchase and sale of the Stock, as contemplated by this Agreement, shall take place at the offices of Nabors, 1670 Broadway, Suite 3355, Denver, Colorado 80202, commencing at 9:00 a.m. (local time) on the date (the "Closing Date"), which shall be the sixth Business Day following the satisfaction or waiver of all of the conditions set forth in Section 6 (other than any such conditions with respect to actions the respective Parties will take at the Closing itself), but in no event prior to April 20, 1996, or on such other date, or at such other place, as the Parties shall mutually agree.

(g) DELIVERIES AT THE CLOSING. At the Closing, in addition to the payment required by Section 1(c), (i) Oxy will deliver to Nabors the various certificates, instruments and documents referred to in Section 6(a), (ii) Nabors will deliver to Oxy the various certificates, instruments and documents referred to in Section 6(b), (iii) Oxy will deliver to Nabors stock certificates representing the Stock, endorsed in blank or accompanied by duly

executed stock powers, signature guaranteed, and (iv) Nabors will deliver to Oxy the Warrant duly executed by an authorized officer of Nabors.

(h) POST-CLOSING ADJUSTMENT. On or before the date that is 125 calendar days following the Closing Date (or the next Business Day if such date is not a Business Day), Nabors will prepare and deliver to Oxy a statement (the "Statement of Consolidated Working Capital") showing the actual amount of the Consolidated Working Capital on the Closing Date and the prorations under Section 1(i). Nabors shall make available to Oxy all information which shall be in the possession of Nabors and which may be reasonably required by Oxy for Oxy to verify whether such statement is correct. Within 30 calendar days following delivery of the Statement of Consolidated Working Capital, Oxy shall notify Nabors whether it agrees with the Statement of Consolidated Working Capital; provided, however, that, in the event that Oxy shall fail to so notify Nabors within such 30-day period, Oxy shall be deemed to have agreed with the Statement of Consolidated Working Capital. In the event that Oxy disagrees with the Statement of Consolidated Working Capital, Oxy shall provide Nabors with a written notice specifying the basis for Oxy's disagreement, and Oxy and Nabors shall work in good faith to reach agreement on the amount of the Consolidated Working Capital on the Closing Date and such prorations, but, in the event that they shall not agree within 30 calendar days following the date of such written notice, either Oxy or Nabors may cause the matter to be referred to one of the "Big Six" independent public accounting firms as Oxy and Nabors may mutually agree. The fees and disbursements of such accountants shall be borne equally by Nabors and Oxy. Such accountants shall examine the records of Oxy, the Companies and Nabors, and, within 30 calendar days following the date upon which such matter shall be referred to such accountants, such accountants shall determine both the amount of the Consolidated Working Capital as of the Closing Date and such prorations. Any such determination (i) shall be final and binding on the Parties, and (ii) may be enforced by appropriate judicial or other proceedings. The Cash Portion of the Purchase Price shall reflect any such determination by such accountants. In the event that the Cash Portion of the Purchase Price (whether by agreement of the Parties or after giving effect to any such determination by such accountants) exceeds the Estimated Cash Portion of the Purchase Price paid at the Closing, Nabors shall pay to Oxy the amount of such excess plus interest thereon from the Closing Date until paid at a rate per annum equal to the Reference Rate. In the event that the Cash Portion of the Purchase Price (whether by agreement of the Parties or after giving effect to any such determination by such accountants) is less than the Estimated Cash Portion of the Purchase Price paid at the Closing, Oxy shall pay to Nabors the amount of such shortfall plus interest thereon from the Closing Date until paid at a rate per annum equal to the Reference Rate. Such payment shall be made, in either

case, within 15 calendar days following the agreement of the Parties or the final determination of the Cash Portion of the Purchase Price by such accountants. All of such interest shall be computed on the basis of the nactual number of days elapsed in a year of 365 or 366 days, as the case may be.

(i) PRORATIONS. All Taxes shall be prorated in accordance with Section 5(g)(2). Such Taxes, and water and sewer charges, utility charges, governmental license fees, vehicle and special mechanical equipment licenses, deposits (including, without limitation, deposits on Contracts), advance or prepaid royalties, prepaid expenses and rents paid by any of the Companies to Persons other than Oxy or its Affiliates, and other similar items referred to on Schedule 1(i), in each case paid prior to or after the Closing Date by means of estimated

payments or otherwise and applicable to pre-Closing and post-Closing periods, shall be prorated as of the Closing and, if not otherwise reflected in Consolidated Working Capital, shall be added as part of Consolidated Working Capital to the extent paid prior to the Closing and related to a period after the Closing and subtracted from Consolidated Working Capital to the extent to be paid after the Closing and related to a period prior to the Closing. For prorated items of expense which should be paid in advance prior to the Closing, Oxy shall cause the Companies to make such payments before Closing. For prorated items of expense which are paid in arrears on or after the Closing, Nabors shall cause the Companies to pay and discharge, in a timely manner, any amount so prorated. To the extent that a particular prorated item is disputed, such dispute shall be resolved pursuant to Section 1(h).

Oxy shall use reasonable efforts to arrange to have (i) meters for electricity, telephone, and gas and water read on the Closing Date, and (ii) bills and statements rendered to the Companies based on such readings. Each Party shall, promptly upon receipt, deliver to the other Party copies of each relevant bill or statement which may be in its records.

(j) CONDEMNATION OF, OR MATERIAL DAMAGE TO, ASSETS. In the event of, prior to the Closing, (a) the destruction of, or material damage to, any Asset which shall have a Fair Market Value exceeding $50,000 (a "Casualty Event"), which Oxy shall have elected not to repair, rebuild, restore or replace as provided below, or (b) the condemnation of any Asset which shall have a Fair Market Value exceeding $50,000, Nabors, at its option, may elect, prior to the Closing:

(i) to exclude such Asset and to treat such Asset as an Excluded Asset, provided, however, that the Purchase Price shall be reduced by the Fair Market Value of such Asset to reflect the exclusion of such Asset; or

(ii) in the event that such Asset or all such Assets shall have a Fair Market Value which shall exceed $1 million, not to consummate the transactions contemplated by this Agreement.

Oxy shall give Nabors prompt written notice (a "Casualty Notice") of any such condemnation or Casualty Event, indicating the Asset or Assets which suffered such condemnation or Casualty Event, and Oxy's estimate of the Fair Market Value of each such Asset, accompanied, in the case of any Casualty Event, by copies of all insurance related thereto, any deductibles or retention applicable thereto, any defenses threatened or asserted by the insurer or known to Oxy, its estimate of, and all available information relevant to, the cost of repair, rebuilding, restoration or replacement thereof, and any other information reasonably requested by Nabors. In the case of any retention or deductible, Oxy shall provide to Nabors prompt notice of such retention or deductible.

In the event of the occurrence of any Casualty Event with respect to any Asset, Oxy may, in the applicable Casualty Notice, elect to cause the Company which shall Own such Asset to repair, rebuild, restore or replace such Asset. Upon any such election, Nabors shall

have the option, exercisable by notice to Oxy on or before the fifth Business Day after such Casualty Notice (but in any event prior to the Closing), to accept such Asset without such repair, rebuilding, restoration or replacement, in which event the Purchase Price shall be reduced by the estimated cost of repair, rebuilding, restoration or replacement as set forth in such Casualty Notice. In the event that Nabors does not exercise such option, Oxy shall promptly undertake to provide sufficient funds to, and otherwise to cause, such Company to repair, rebuild, restore or replace such Asset to substantially the same condition as prior to the event causing such destruction or damage.

With respect to any such Asset that has been condemned or has suffered a Casualty Event (other than any Asset that Oxy has elected to repair, rebuild, restore or replace), Nabors may, in lieu of any reduction to the Purchase Price set forth in the proviso to clause (i) of this Section 1(j) and by notice to Oxy set forth in the election by Nabors referred to in the first paragraph of this Section 1(j), request that Oxy, and, upon any such request, Oxy shall, (i) pay to such Company, at the Closing, all sums theretofore paid to Oxy by third parties (but not paid to such Company) by reason of such condemnation or Casualty Event, (ii) assign to such Company, no later than the Closing, all of the right, title and interest of Oxy in and to any unpaid awards or other amounts payable by third parties or under Oxy's personal property and casualty insurance policies arising out of such condemnation or Casualty Event, and (iii) pay to such Company any deductible or retention under any applicable insurance to the extent not previously paid to such Company.

Oxy shall not, without the consent of Nabors, compromise, settle or adjust any material amounts receivable by reason of any condemnation or Casualty Event occurring with respect to any such Asset.

(k) TAKING OF NECESSARY ACTION; FURTHER ACTION. The Parties hereto shall take all such reasonable and lawful action as may be necessary or appropriate in order to effectuate the transactions contemplated hereby as promptly as possible. If, at any time after the Closing Date, any such further action is necessary or desirable to carry out the purposes of this Agreement, Oxy and Nabors shall, and shall direct their respective representatives to, take all such lawful and necessary action.

2. REPRESENTATIONS AND WARRANTIES OF OXY.

Oxy represents and warrants to Nabors that:

(a) ORGANIZATION OF OXY AND THE COMPANIES. Oxy is a corporation duly incorporated, validly existing and in good standing under the laws of the State of California. Exeter is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Nevada. Each of the Exeter Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware.

(b) AUTHORIZATION OF TRANSACTION BY OXY. Oxy has all requisite corporate power and authority to execute and to deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery by Oxy of this Agreement and the consummation by Oxy of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Oxy. This Agreement has been duly executed and delivered by Oxy and constitutes the legally valid and binding obligation of Oxy, enforceable against Oxy in accordance with its terms, except as enforceability is limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and equitable principles (whether applied in a court of law or equity). Oxy is not obligated to give any notice to, to make any filing or registration with, or to obtain any authorization, consent, approval or order of, any Governmental Authority in order to consummate the transactions contemplated by this Agreement, other than (i) compliance with the applicable requirements of the Hart-Scott-Rodino Act, (ii) as set forth on Schedule 2(b), (iii) filings with Governmental Authorities in the Ordinary Course of Business of Oxy or the Companies that are not required to be made prior to the consummation of the transactions contemplated hereby, or (iv) such authorizations, consents, approvals or orders that, if not obtained, and such notices, filings or registrations that, if not made, would not, individually or in the aggregate, have (A) a Material Adverse Effect with respect to the

Companies, or (B) any adverse effect on the ability of Oxy to perform this Agreement.

(c) QUALIFICATION AND CORPORATE POWER OF THE COMPANIES. Each of the Companies has all requisite corporate power and authority to own, lease and operate its properties and to carry on the business in which it is engaged and is duly qualified to do business in each jurisdiction in which the nature of the business conducted by it or the ownership or leasing of its properties makes such qualification necessary, except where the failure to be so qualified would not result, individually or in the aggregate, in a Material Adverse Effect with respect to the Companies. Exeter has received a ministerial decree which grants a license to exercise activities in the Republic of Yemen, and International has established and is qualified to act through a registered branch office in Venezuela. No dissolution, liquidation or bankruptcy proceeding is pending, contemplated or threatened against any of the Companies. Oxy has made available to Nabors copies of the respective charter and bylaws (in each case as amended to date) of each of the Companies, and all of such documents are in effect and are correct and complete. The minute books (containing the records of meetings of the stockholders, the board of directors, and any committees of the board of directors), the stock certificate books and the stock record books of each of the Companies are correct and complete in all material respects. None of the Companies is in default under, or in violation, of any provision of its charter or bylaws.

(d) CAPITALIZATION OF THE COMPANIES. The authorized capital stock of each of the Companies, and the respective amounts thereof issued and outstanding, are listed in Schedule 2(d). All of the issued and outstanding shares of the capital stock of each of the Companies have been duly authorized and are validly issued, fully paid, and nonassessable, and no shares of such capital stock are subject to, nor have been issued in violation of, preemptive rights. All

of the issued and outstanding shares of the Exeter Common Stock (the "Stock") is held, beneficially and of record, by Oxy. All of the issued and outstanding shares of the capital stock of each of the Exeter Subsidiaries is held, beneficially and of record, by Exeter. All issued and outstanding shares of the capital stock of each of the Companies are free and clear of any Taxes and Liens. Except as referred to above, there are outstanding (i) no Equity Securities of any of the Companies, and (ii), except for the obligations of Oxy and Nabors pursuant to this Agreement, no options or other rights to acquire from Oxy, and no obligations of Oxy to issue or sell, any Equity Securities of any of the Companies. There are no outstanding obligations of any of the Companies to repurchase, redeem or otherwise acquire any shares of its capital stock.

(e) SUBSIDIARIES. Exeter's only subsidiaries are Gibson and International. Gibson and International have no subsidiaries.

(f) ABSENCE OF CERTAIN ACTIONS. Other than (i) as permitted by Section 4(c), (ii) any extension or renewal of the Contract referred to in clause (i) of the definition of International Contract, (iii) the establishment of the Severance Program, (iv) the pipe purchase reflected in AFE number 5204 of Exeter, (v) the pay increase granted by each of the Companies to its Employees in February 1996 and effective, with respect to Gibson, on January 28, 1996, and, with respect to Exeter and International, on February 12, 1996, (vi) any bid referred to in clause (k) of Section 4(c) which is not pending as of the date of this Agreement, (vii) any Contract resulting from any bid referred to in such clause (k) which shall have been performed prior to the date of this Agreement, and (viii) as set forth on Schedule 2(f), since December 31, 1995, there has not been any event, transaction or condition of the type requiring the consent of Nabors pursuant to Section 4(c).

(g) LEGAL COMPLIANCE; NONCONTRAVENTION. No action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand or notice seeking to restrain, prohibit or obtain damages or other relief in connection with this Agreement or the transactions contemplated hereby has been filed or commenced against the Companies, and, to the Knowledge of Oxy, no such action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand or notice has been threatened to be so filed or so commenced. The execution and delivery of this Agreement by Oxy does not, and the performance of this Agreement by Oxy will not, (i) conflict with, or violate, the articles of incorporation or bylaws of Oxy, (ii) conflict with, or violate, any Law in effect as of the date of this Agreement and applicable to Oxy or by which any of the properties of Oxy are bound or affected, or (iii) result in any breach of, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to any Person (other than Oxy or the Companies) any right of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of any Lien on any of the Assets of any of the Companies pursuant to, any International Contract to which any of the Companies is a party, except, in the case of clauses (ii) and (iii) above, for such conflicts, violations, breaches, defaults, events, rights of termination, amendment, acceleration or cancellation, payment obligations or Liens that would not, individually or in the aggregate, have a Material Adverse Effect with respect to the Companies.

(h) TITLE TO STOCK. Oxy has record and beneficial ownership of the Stock, and Nabors will acquire, upon consummation of the transactions contemplated by this Agreement, record and beneficial ownership of the Stock, free and clear of all Liens (other than any Lien which shall have been created by or through Nabors or any of its Affiliates).

(i) DRILLING AND WORKOVER RIGS. Schedule 2(i) (i) lists and describes briefly all of the drilling and workover rigs Owned by any of the Companies (other than (1) any rig which is not actively marketed, and (2) any Excluded Asset), and (ii) sets forth the location of such rigs as of the date of this Agreement.

(j) EMPLOYEES AND EMPLOYEE BENEFIT MATTERS.

(1) To the Knowledge of Oxy, all of the Employees of the Companies are employed on an at-will basis and may be terminated without cause.

(2) None of the Companies is a party to any collective bargaining agreement within the United States, and no such collective bargaining agreement is being negotiated by, or with respect to, any of the Companies.

(3) Oxy has delivered to Nabors a copy of the Severance Program. None of the Companies maintains any other severance program.

(4) The plans, programs and arrangements set forth on Schedule 2(j) of the Disclosure Schedule are herein referred to as the "Companies Employee Benefit Plans." With respect to each of the Companies Employee Benefit Plans, Oxy has made available to Nabors true and complete copies of: (a) all plan documents, including any related trust agreements, insurance contracts or other funding arrangements; (b) the most recent determination letter received from the Internal Revenue Service (where applicable); (c) the most recent IRS Series 5500 Form, including, where applicable, the most recent financial statement; and (d) the most recent summary plan description.

(5) None of the Companies maintains, contributes to or has any Liability under any funded or unfunded medical, health or life insurance plan or arrangement for present or future retirees from such Company except as required by COBRA.

(6) The Companies do not maintain or contribute to a trust, organization or association described in any of sections 501(c)(9), 501(c)(17) or 501(c)(20) of the Code.

(7) Favorable determination letters have been received from the Internal Revenue Service with respect to each Companies Employee Benefit Plan that is intended to comply with the provisions of section 401(a) of the Code, evidencing compliance with the relevant provisions of the Tax Equity and Fiscal Responsibility Act

of 1982, the Tax Reform Act of 1984 and the Retirement Equity Act of 1984. The Companies' Employee Pension Benefit Plans have been amended on a timely basis so as to bring them into compliance with the Tax Reform Act of 1986 and other applicable laws and governmental regulations for which amendment has been required to be made.

(8) To the Knowledge of Oxy, each Companies Employee Benefit Plan that is or has been subject to section 412 of the Code, section 302 of ERISA or Title IV of ERISA has been terminated.

(9) Neither the Companies nor any ERISA Affiliate of the Companies presently maintains, contributes to or has any Liability (including current or potential withdrawal liability) with respect to any "multiemployer plan" as such term is defined in section 3(37) of ERISA.

(10) To the Knowledge of Oxy, none of the Companies is a party to any employment agreement, whether written or oral, or any Companies Employee Benefit Plan which contains any provision relating to change in control of such Company.

(11) To Knowledge of Oxy, none of the Companies has guaranteed any loan to any Employee or former employee of such Company in, with respect to each such Employee or former employee, an amount exceeding $10,000.

(12) None of the Companies has made or become obligated to make, or will, as a result of any event connected with the acquisition of the Companies by Nabors or any other transaction contemplated herein, make or become obligated to make, any "excess parachute payment" as defined in section 280G of the Code (without regard to subsection (b)(4) thereof).

(13) To the Knowledge of Oxy, there has been no act or omission by any of the Companies, or by any current or prior Affiliate of any such Company, that would impair in any material respect the right or ability of such Company to amend or terminate unilaterally any Companies Employee Benefit Plans or to terminate unilaterally, as of the Closing Date, the accrual of any benefits after the Closing Date with respect to employees or former employees of such Company.

(k) ELIGIBILITY FOR SECTION 338(H)(10) ELECTION. A consolidated federal income return with the Parent and the Companies was, or will be, filed for the current taxable year and the taxable year immediately preceding the current taxable year, and the Parent is eligible to make an election under 338(h)(10) of the Code with respect to the Companies.

(l) EXISTING PARTNERSHIP. None of the Companies is subject to any joint venture, partnership, or other arrangement or Contract which is treated as a partnership for federal income tax purposes.

(m) BROKERS' FEES. Neither Oxy nor any of the Companies has any Liability to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Nabors or any of its Affiliates could become liable or obligated.

(n) INVESTMENT INTENT. Oxy understands and acknowledges that the Warrant and the Nabors' Common Stock into which the Warrant shall be exercisable have not been registered under the Securities Act or under the securities laws of any State. Oxy (a) has such business experience that it is capable of evaluating the merits and risks of its investment in the Warrant and such Common Stock, and (b) is acquiring the Warrant for its own account for the purpose of investment and not with a view to, or for sale or other disposition in connection with, any distribution thereof, except (a) in any offering covered by a registration statement under the Securities Act, or (b) pursuant to an applicable exemption under the Securities Act.

(o) REGULATED INDUSTRY. None of Oxy or any of the Companies is, with respect to the businesses of the Companies, subject to regulation under the PUHCA, the Investment Company Act of 1940, as amended, or the Interstate Commerce Act, nor is any such Person subject to regulation pursuant to any rules or regulations promulgated thereunder. None of Oxy or any of the Companies is, with respect to such businesses, a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", or a "public utility", within the meaning of the PUHCA and the rules and regulations promulgated thereunder.

(p) ACKNOWLEDGMENT CONCERNING NABORS REPRESENTATIONS AND WARRANTIES. Oxy acknowledges and affirms that it has had the opportunity to complete its own independent investigation, analysis and evaluation of Nabors and the business, assets, liabilities and prospects of Nabors, that Oxy has been afforded the opportunity to inspect the assets of Nabors, that, in making its decision to acquire the Warrant, Oxy has relied upon (i) its own independent investigation, analysis and evaluation of the businesses, assets, liabilities and prospects of Nabors, (ii) the representations and warranties of Nabors set forth in Section 3, and (iii) the covenants of Nabors set forth in Sections 4 and 5, and in the Warrant, as a basis for such acquisition, and that Oxy has made all such reviews and inspections of the foregoing as it has deemed necessary or appropriate.

(q) LIMITATION ON REPRESENTATIONS AND WARRANTIES.

(1) Except as and to the extent expressly set forth in this Section 2, included on any Schedule hereto or included in any writing delivered by Oxy to Nabors concurrently herewith or subsequent hereto expressly pursuant to this Agreement, Oxy makes no other representation or warranty and disclaims all liability and responsibility for any representation,

warranty, statement or information (financial or otherwise) made or communicated (orally or in writing) to Nabors or any of its Affiliates, employees,

agents, consultants or representatives (including, without limitation, any opinion, information, projection, financial statement or advice that may have been provided to Nabors by any officer, director, employee, agent, consultant or representative of Oxy or of any Affiliate thereof).

(2) WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, OXY MAKES NO REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE FOLLOWING MATTERS: THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN OR MARKETABILITY OF, COMPLIANCE WITH ANY LAW APPLICABLE TO, OR TITLE OF ANY OF THE COMPANIES TO, ANY OF THE ASSETS, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY OF THE ASSETS, IT BEING EXPRESSLY UNDERSTOOD AND AGREED BY THE PARTIES THAT NABORS SHALL BE DEEMED TO BE OBTAINING RIGHTS IN THE ASSETS IN THEIR PRESENT STATUS, CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS".

(3) Oxy makes no representation or warranty to Nabors regarding the probable success or profitability of the Companies, or of any of the assets of any the Companies.

3. REPRESENTATIONS AND WARRANTIES OF NABORS. Nabors represents and warrants to Oxy that:

(a) ORGANIZATION OF NABORS. Nabors is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware.

(b) AUTHORIZATION OF TRANSACTION BY NABORS. Nabors has all requisite corporate power and authority to execute and to deliver this Agreement and the Warrant, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Nabors of this Agreement and the Warrant and the consummation by Nabors of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of Nabors. This Agreement has been duly executed and delivered by Nabors and constitutes the legally valid and binding obligation of Nabors, enforceable against Nabors in accordance with its terms, except as enforceability is limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and equitable principles (whether applied in a court of law or equity). The Warrant, when executed and delivered by Nabors, will constitute the legally valid and binding obligation of Nabors, enforceable against Nabors in accordance with its terms, except as enforceability is limited by applicable

bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and equitable principles (whether applied in a court of law or equity). Nabors is not obligated to give any notice to, to make any filing or registration with, or to obtain any authorization, consent,

approval or order of, any Governmental Authority or any other Person in connection with the execution, delivery or performance by Nabors of this Agreement or the Warrant or the consummation by Nabors of the transactions contemplated by this Agreement or the Warrant, other than (i) compliance with the applicable requirements of the Hart-Scott-Rodino Act, (ii) as set forth on Schedule 3(b), (iii) filings with federal or state securities commissions in connection with the transactions contemplated by the Warrant, (iv) filings with Governmental Authorities in the Ordinary Course of Business of Nabors that are not required to be made prior to the consummation of the transactions contemplated hereby, and (v) such authorizations, consents, approvals or orders that, if not obtained, and such notices, filings or registrations that, if not made, would not, individually or in the aggregate, have (A) a Material Adverse Effect with respect to Nabors, or (B) any adverse effect on the ability of Nabors to perform this Agreement or the Warrant.

(c) POWER AND AUTHORITY OF NABORS. Nabors has all requisite corporate power and authority to own, lease and operate its properties and to carry on the business in which it is engaged and is duly qualified to do business in each jurisdiction in which the nature of the business conducted by it or the ownership or leasing of its properties makes such qualification necessary, except where the failure to be so qualified would not result, individually or in the aggregate, in a Material Adverse Effect with respect to Nabors. No dissolution, liquidation or bankruptcy proceeding is pending, contemplated or threatened against Nabors. Nabors has delivered to Oxy correct an complete copies of the charter and bylaws of Nabors (in each case as amended to date), and all of such documents are in effect and are complete.

(d) CAPITALIZATION OF NABORS. As of the date hereof, the authorized capital stock of Nabors consists of 200,000,000 shares of the Nabors Common Stock, 10,000,000 shares of Nabors Preferred Stock, and 8,000,000 shares of Nabors Class B Stock. As of February 29, 1996, 84,939,540 shares of the Nabors Common Stock were issued and outstanding, and no shares of the Nabors Preferred Stock or the Nabors Class B Stock were issued and outstanding. As of the date hereof, (i) 1,000,000 shares of the Nabors Common Stock were reserved for issuance upon the exercise of Warrant, (ii) 20,659,220 shares of the Nabors Common Stock were reserved for issuance pursuant to option and employee benefit plans, and (iii) 2,600,000 shares of the Nabors Common Stock were reserved for issuance pursuant to the terms of certain transactional documents entered into pursuant to transactions with third parties. All of the issued and outstanding shares of the capital stock of Nabors have been duly authorized and are validly

issued, fully paid and nonassessable, and no shares of the capital stock of Nabors are subject to, nor have they been issued in violation of, preemptive rights. The Warrant, when executed and delivered by Nabors, will have been duly authorized and validly issued and will not be subject to, nor issued in violation of, preemptive rights. Except as referred to above, there are outstanding (a) no Equity Securities of Nabors, and (b), except for the obligations of (1) Oxy and Nabors pursuant to this Agreement, and (2) Nabors pursuant to the Warrant, no options or other rights to acquire from Nabors, and no obligations of Nabors to issue or sell, any Equity Securities of Nabors. Except for the arrangements or agreements set forth on Schedule 3(d), there are no outstanding obligations of Nabors to repurchase, redeem or otherwise acquire

any shares of its capital stock. There is no agreement or arrangement restricting the voting or transfer of any of the Equity Securities of Nabors. Except as contemplated by the Warrant or as set forth on Schedule 3(d), there are no agreements or arrangements to which Nabors is a party pursuant to which Nabors is or could be required to register shares of the Nabors Common Stock under the Securities Act.

(e) LEGAL COMPLIANCE; NONCONTRAVENTION. No action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand or notice seeking to restrain, prohibit or obtain damages or other relief in connection with this Agreement or the transactions contemplated hereby has been filed or commenced against Nabors, and, to the knowledge of Nabors, no such action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand or notice has been threatened to be so filed or so commenced. Except as set forth in Schedule 3(e), the execution and delivery of this Agreement and the Warrant by Nabors does not, and the performance of this Agreement and the Warrant by Nabors will not, (i) conflict with, or violate, the certificate of incorporation or bylaws of Nabors, (ii) conflict with, or violate, any Law in effect as of the date of this Agreement and applicable to Nabors or by which any of the properties of Nabors are bound or affected, or (iii) result in any breach of, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to any Person (other than Nabors) any right of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of any Lien on any of the properties or assets of Nabors pursuant to, any note, bond, mortgage, indenture, Contract, lease, license, Permit, franchise or other instrument or obligation to which Nabors is a party or by which any of the properties of Nabors are bound or affected, except, in the case of clauses (ii) and (iii) above, for such breaches, defaults, events, rights of termination, amendment, acceleration or cancellation, payment obligations or Liens that would not, individually or in the aggregate, have a Material Adverse Effect with respect to Nabors.

(f) SEC FILINGS OF NABORS. Nabors has delivered to Oxy accurate and

complete copies of (i) the Annual Report on Form 10-K of Nabors for the fiscal year ended September 30, 1995, (ii) its Quarterly Report on Form 10-Q for the quarterly period ended December 31, 1995, (iii) its Proxy Statement for its last Annual Meeting of Shareholders, and (iv) its Current Reports on Form 8-K as filed since September 30, 1995, in each case in the form filed by Nabors with the Securities and Exchange Commission (together, the "Nabors Reports"). The Nabors Reports are the only reports, schedules, forms, statements and other documents required by the Exchange Act to be filed by Nabors with the Securities and Exchange Commission since September 30, 1995. None of the Nabors Reports, including, without limitation, any financial statements or schedules included therein, at the time filed, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. The audited consolidated financial statements and unaudited consolidated interim financial statements of Nabors (together the "Nabors Financial Statements") included in such reports present fairly, in conformity in all material respects with GAAP (except as may be indicated in the notes thereto and except that certain information and disclosure normally included in notes to consolidated financial statements have been condensed

or omitted from the unaudited consolidated interim financial statements pursuant to rules and regulations of the Securities and Exchange Commission, but any resultant disclosures are in accordance with GAAP as they apply to interim reporting), the consolidated financial position of Nabors as of the dates thereof and its consolidated results of operations and cash flows for the periods then ended (subject to normal year-end audit adjustments in the case of any unaudited interim financial statements).

(g) MATERIAL ADVERSE EFFECT. Since December 31, 1995, other than as described in the Nabors Reports, no event has occurred, or condition exists, which would constitute or cause, individually or in the aggregate, a Material Adverse Effect with respect to Nabors.

(h) BROKERS' FEES. Nabors does not have any Liability to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Oxy or any of its Affiliates could become liable or obligated.

(i) INVESTMENT. Nabors is acquiring the Stock for its own account for the purpose of investment and not with a view to, or for sale or other disposition in connection with, any distribution thereof, except (i) in an offering covered by a registration statement the Securities Act, or (ii) pursuant to an applicable exemption under the Securities Act.

(j) ABILITY TO PAY. Nabors has available sufficient funds to pay the Cash Portion of the Purchase Price, together with all costs and expenses relevant thereto, and otherwise to perform its obligations under this Agreement and the Warrant.

(k) EMPLOYEE BENEFIT MATTERS. With respect to each of Nabors' Employee Benefit Plans, Nabors has delivered to Oxy true and complete copies of (i) all plan documents, including any related trust agreements, insurance contracts or other funding arrangements, or a written summary of the terms and conditions of the plan if there is not a written plan document; (ii) the most recent determination letter received from the Internal Revenue Service (where applicable); (iii) the most recent IRS Series 5500 Form; (iv) the most recent financial statements (where applicable); and (v) the most recent summary plan description.

(l) REGULATED INDUSTRY. Nabors is not subject to regulation under the PUHCA, the Investment Company Act of 1940, as amended, or the Interstate Commerce Act, nor is Nabors subject to regulation pursuant to any rules or regulations promulgated thereunder. Nabors is not a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", or a "public utility", within the meaning of the PUHCA and the rules and regulations promulgated thereunder.

(m) ACKNOWLEDGMENT CONCERNING OXY REPRESENTATIONS AND WARRANTIES. Nabors acknowledges and affirms that it has had the opportunity to complete its own independent investigation, analysis and evaluation of the Companies and the respective

businesses, assets, liabilities and prospects of the Companies, that Nabors has been afforded the opportunity to inspect the assets of the Companies, that any prior financial information delivered by Oxy or any of its Affiliates to Nabors will be superseded by the Financial Statements, that, in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Nabors has not relied upon such financial statements but upon (i) its own independent investigation, analysis and evaluation of the businesses, assets, liabilities and prospects of the Companies, (ii) the representations and warranties of Oxy set forth in Section 2, and (iii) the covenants of Oxy set forth in Sections 4 and 5, as a basis for entering into this Agreement and the consummation of such transactions, and that Nabors has made all such reviews and inspections of the foregoing as it has deemed necessary or appropriate.

(n) LIMITATION ON REPRESENTATIONS AND WARRANTIES.

(1) Except as and to the extent expressly set forth in this Section 3, included on any Schedule hereto or included in any writing delivered by Nabors to Oxy concurrently herewith or subsequent hereto expressly pursuant to this Agreement, Nabors makes no other representation or warranty and disclaims all liability and responsibility for any representation, warranty, statement or information (financial or otherwise) made or communicated (orally or in writing) to Oxy or any of its Affiliates, employees, agents, consultants or representatives (including, without limitation, any opinion, information, projection, financial statement or advice that may have been provided to Oxy by any officer, director, employee, agent, consultant or representative of Nabors or of any Affiliate thereof).

(2) Nabors makes no representation or warranty to Oxy regarding the probable success or profitability of Nabors.

4. PRE-CLOSING COVENANTS. The Parties agree as follows with respect to the period between the execution of this Agreement and the Closing:

(a) GENERAL. Each of the Parties shall refrain, and shall cause each of its Affiliates to refrain, from taking any action that would (i) prevent or invalidate the consummation of the transactions contemplated by this Agreement, or (ii) cause this Agreement or the transactions contemplated hereby to violate any Law. Each of the Parties shall endeavor in good faith to cause the conditions (a) to its obligations to close, and (b) to the obligations of the other Party to close, to be fulfilled at or prior to the Closing.

(b) NOTICES AND CONSENTS. Oxy will give any notices to third parties, and will use all reasonable commercial efforts to obtain all third-party consents, that are required for the consummation of the transactions contemplated hereby. Nabors will give any notices to third parties, and will use all reasonable commercial efforts to obtain any third-party consents, that Oxy may reasonably request. Each of the Parties will (and Oxy will cause each of the Companies to) give any notices to, make any filings with, and use all reasonable commercial

efforts to obtain any authorizations, consents and approvals of Governmental Authorities in connection with the matters referred to in Sections 2(b) and 3(b). Without limiting the generality of the foregoing, each of the Parties will file any Notification and Report Forms and related material that such Party may be required to file with the Federal Trade Commission and the Antitrust Division of the United States Department of Justice under the Hart-Scott-Rodino Act, will use all reasonable commercial efforts to obtain an early termination of the applicable waiting period, and will make any further filings pursuant thereto that may be necessary, proper or advisable in

connection therewith; provided, however, that each of the Parties shall retain any rights which it may have to contest any request for information that it reasonably deems to be irrelevant or in excess of any Law.

(c) OPERATION OF BUSINESS. From and after the date of this Agreement and prior to the Closing, except (i) as otherwise provided in this Agreement, (ii) pursuant to any Law, or (iii) with the prior written consent of Nabors (which consent will not be unreasonably withheld or delayed), (x) Oxy will cause each of the Companies to use reasonable commercial efforts to:

(1) operate its business only in the Ordinary Course of Business of such Company;

(2) preserve, in all material respects and consistent with past custom and practice, its business and properties, including its present operations, physical facilities, working conditions and relationships with Persons having significant business relations with it, including, without limitation, suppliers and customers;

(3) maintain and keep, in all material respects, its Assets in as good repair and condition as at present, ordinary wear and tear excepted; and

(4) keep in full force and effect insurance and bonds comparable in amount and scope of coverage to that currently maintained; and

(y) Oxy shall cause each of the Companies not to:

(a) enter into any Contract outside the Ordinary Course of Business of such Company;

(b) make any declaration, setting aside or payment of dividends or distributions in respect of any shares of its capital stock or any redemption, purchase or other acquisition of any of its securities;

(c) create, or permit the creation of, any Lien upon any of the Assets of such Company, outside the Ordinary Course of Business of such Company;

(d) enter into any employment contract or collective bargaining agreement, or modify the terms of any existing such contract or agreement;

(e) establish any new Employee Benefit Plan of such Company, or modify or terminate any existing Employee Benefit Plan of the Company;

(f) increase or otherwise modify (except (i) as contemplated by this Agreement, and (ii) for the payment of benefits under the Bonus Plans (to the extent applicable to management) and under the Profit Sharing Plans, representing amounts accrued but unpaid prior to the Closing) the compensation of its Employees, including salaries, bonus and other employee benefits, including severance payments;

(g) sell, lease, transfer or assign any Assets with a Fair Market Value of $25,000 or more, or Assets with an aggregate Fair Market Value of $100,000 or more, in each case tangible or intangible;

(h) make any capital expenditures other than in the Ordinary Course of Business of such Company, or make any capital expenditures for any single item in excess of $50,000, except as necessary in an emergency situation, provided that Oxy shall, or shall cause such Company to, give to Nabors notice as soon as reasonably possible of such emergency situation;

(i) except for (i) borrowings under existing credit facilities, or (ii) intercompany indebtedness or obligations owed to Oxy or to any Affiliate of Oxy, in each case in the Ordinary Course of Business of such Company, incur any obligation for borrowed money or purchase money indebtedness;

(j) make any significant change in the accounting methods, principles or practices of such Company, except to conform to accepted industry practice;

(k) enter any new bids for turnkey or footage drilling Contracts (where the total direct job costs are expected to exceed $350,000 or the job is expected to take more than 30 days to complete), provided that Nabors agrees to notify such Company of Nabors' decision with regard to turnkey or footage bids within two Business Days after such Company shall notify Nabors of the desire of such Company to bid on such a contract;

(l) amend, or renew, either of the International Contracts, or enter into any Contract involving operations outside of the United States;

(m) hire any Person as a Salaried Employee; or

(n) enter into any agreement to do any of the foregoing.

(d) CONSENTS UNDER SECTION 4(C). For any matter for which Oxy shall request the consent of Nabors under Section 4(c), Oxy shall give written notice

to Nabors designating such matter in reasonable detail and requesting consent under Section 4(c). Except as provided in clause (k) of Section 4(c), within five Business Days of receipt of any notice given by Oxy under this Section 4(d), Nabors shall grant or withhold its consent by giving written notice to Oxy or by giving telephonic notice to Oxy, promptly thereafter confirmed by written notice.

(e) FULL ACCESS. Oxy will permit representatives of Nabors to have full access at reasonable times during normal business hours, in a manner that will not interfere with the normal business operations of the Companies, to all premises, properties, personnel, books, records (including Tax records), contracts, and documents of, or pertaining to, the Companies; provided, however, that such access shall not operate to cause (i) a waiver of any attorney-client, work product or like privilege, or (ii) a waiver or breach of any other obligation of confidentiality. Nabors will furnish to Oxy, promptly after filing, copies of all reports, schedules, forms, statements and other documents filed by Nabors with the Securities and Exchange Commission.

(f) NOTICE OF BREACH. Each Party will give prompt written notice to the other Party of any event, fact or condition which constitutes a material breach by the first Party of any of its representations, warranties or agreements set forth in this Agreement.

(g) NO SHOPPING. From and after the date of this Agreement until the earlier of (i) the Closing, or (ii) the termination of this Agreement in accordance with its terms, Oxy shall, and shall cause each of the Companies to, refrain from taking any action, directly or indirectly, through any officer, director, employee, agent or representative, to solicit or knowingly encourage, including by way of furnishing information, the initiation of any inquiries or proposals regarding, or engage in any discussions or enter into any agreements regarding, any merger, tender offer, sale of shares of capital stock or similar business combination transactions involving the Companies, or any sale of all or substantially all of the Assets.

(h) INSURANCE MATTERS. Oxy shall deliver to Nabors, not later than five Business Days prior to the Closing, a statement (i) setting forth a summary description of all policies, binders and contracts of insurance (other than real estate title insurance) then in force and providing coverage for the Companies, and (ii) identifying which of such policies, binders and contracts are Owned by the Companies. At the request of Nabors, Oxy shall cause each of the Companies to use its reasonable efforts to obtain an endorsement on each such policy which is Owned by any of the Companies naming Nabors and its Affiliates as additional insureds effective on the Closing Date. No other policy, binder or contract of insurance which is currently in force and providing coverage for the Companies will cover the assets or businesses of any of the Companies after the Closing. After the Closing, Oxy or its representatives may issue a cancellation notice with respect to any document evidencing insurance then outstanding under each policy which is Owned by Oxy or any of its Affiliates (other than the Companies).

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(i) NO INTERCOMPANY DEBT OR OBLIGATION. Oxy shall take steps to ensure that, as of the Closing Date, (i) the Companies shall have no intercompany indebtedness or obligations of any kind owed to Oxy or to any Affiliate of Oxy, and (ii) the Companies shall have no funded debt obligations for borrowed money owed to any Person.

(j) FINANCIAL STATEMENTS. Oxy shall deliver to Nabors, not later than the Closing, the Financial Statements. Except as noted in the Financial Statements, the Financial Statements (including the notes thereto) shall be prepared in accordance with GAAP applied on a consistent basis throughout the period covered thereby, will be consistent with the books and records of the Companies, and will present fairly, in all material respects, the financial position, results of operations and cash flows of the Companies for such period.

(k) BANKING ARRANGEMENTS OF THE COMPANIES. Oxy shall deliver to Nabors, not later than the Closing, a statement listing (i) the name of each bank or other financial institution in which any of the Companies has an account of any type or safe deposit box and the number of each such account or safe deposit box, and (ii) the names of all Persons having authorization to draw thereon or having access thereto.

(l) SALARIED EMPLOYEES. Oxy shall cause (i) all Salaried Employees of Exeter (other than toolpushers) and whose principal place of employment is in Denver, Colorado, Houston, Texas, Oklahoma City, Oklahoma, or Midland, Texas, and (ii) not less than four additional Salaried Employees of any of the Companies (other than toolpushers) whose principal place of employment is at any other location to be terminated as Employees prior to the Closing, the selection of such Salaried Employees to be at the sole discretion of the Companies or Oxy. Prior to the Closing, Oxy shall cause the Companies not to transfer the location of employment of any Salaried Employee (other than toolpushers) whose principal place of employment is in any of the locations referred to in clause (i) of this Section 4(l).

(m) SUBSTITUTION OF UNDERTAKINGS. Nabors shall use all reasonable commercial efforts to (i) substitute, as of the Closing Date, the Commitment of Nabors for all Commitments of Oxy or any of its Affiliates (other than the Companies) (other than any such Commitment pertaining to any Liability with respect to which Oxy shall have indemnified Nabors pursuant to the provisions of Section 7(b)(ii)) to (a) any Governmental Authority in support of (1) any Permit affecting any of the Companies or their respective Assets, or (2) any agreement or contract between any of the Companies and any Governmental Authority, (b) any financial institution providing an undertaking to either a Governmental Authority or a Person that is a party to any agreement or contract with any of the Companies, and (c) any other Person that is a party to any agreement or contract with any of the Companies, or (ii) otherwise arrange for

the release of Oxy or any such Affiliate from any such Commitment. Oxy shall deliver to Nabors, not later than 10 calendar days prior to the Closing, a list of each such Commitment. Nabors shall reimburse Oxy for, and shall indemnify and hold Oxy harmless from and against any liability, cost or expense relating to, (A) any payment made in accordance with any such Commitment for which Nabors does not substitute its Commitment

in accordance with the provisions of this Section 4(m), except to the extent that such payment relates to the period prior to the Closing, and (B) any costs and expenses incurred by Oxy or any of its Affiliates after the Closing in maintaining any such Commitment.

(n) EXCLUDED ASSETS. Prior to the Closing, Oxy shall cause each of the Companies to assign or transfer to Oxy or its designee all Excluded Assets and all Assets that are treated as Excluded Assets pursuant to the provisions of Section 1(j), and any such assignment or transfer shall be permitted without the consent of Nabors notwithstanding the provisions of Section 4(c); provided, however, that, if any such assignment or transfer shall be prohibited without the consent of a third party and such consent shall not have been obtained prior to the Closing, then (i) such assignment or transfer shall not be completed prior to the Closing, (ii), from and after the Closing, Nabors will use all reasonable commercial efforts to obtain such third-party consent, (iii), if Nabors obtains such third-party consent, Nabors will cause the Company which shall Own such Excluded Asset or Asset to transfer such Excluded Asset or Asset to Oxy or its designee for no additional consideration to such Company, Nabors or any of its Affiliates pursuant to a deed or other assignment document reasonably acceptable to Oxy and Nabors, and (iv) Oxy shall indemnify Nabors and its Affiliates from and against any Liability (other than any Liability arising out of any action of Nabors, any of its Affiliates or any of the Companies from and after the Closing) arising out of (A) the ownership of such Excluded Asset or Asset, and (B) any such transfer.

(o) WHEELS LEASE. Prior to the Closing, Nabors and Oxy shall use all reasonable commercial efforts (i) to obtain all requisite consents from Wheels, Inc. for the assignment or transfer to Nabors of all rights and obligations with respect to that portion of the Wheels Lease that relates to the Vehicles Owned by the Companies as of the Closing, (ii) to have Nabors enter into a new lease agreement whereby Nabors shall assume all Liability arising from and after the date of such lease agreement with respect to the Vehicles, and (iii) to have Wheels, Inc. release Oxy, OPC and any of its Affiliates from any Liability from and after the date of such release with respect to the Vehicles. In the event that, on or prior to the Closing Date, the requisite consent for such transfer is not obtained, and Nabors does not execute a new lease agreement with Wheels, Inc., Oxy and OPC shall, at the Closing, assign their rights to the Vehicles under the Wheels Lease to Nabors, and Nabors shall, by

an instrument in writing, indemnify Oxy and OPC from and against any Liability arising from and after the Closing Date with respect to the Vehicles or resulting from, or arising out of, such assignment. Such assignment shall cover the Vehicles only for the remaining term of the Wheels Lease.

(p) NEGOTIATION REGARDING ALTERNATIVE CONSIDERATION. Prior to the Closing, Nabors and Oxy shall negotiate in good faith to enter into, prior to the Closing, an amendment to this Agreement to provide for (i) the delivery by Nabors to Oxy, at the option of Nabors and at the Closing, in lieu of the Warrant and as a part of the Consideration, a number of shares of the Nabors Common Stock equal to the number obtained by dividing $4,000,000 by the Average Closing Price, and (ii) such other terms and conditions with respect to such shares and the issuance thereof (including terms with respect to registration

rights) as may be mutually acceptable to Nabors and Oxy; provided, however, that any failure to enter into any such agreement shall not (1) constitute a breach or failure to perform any representation, warranty, covenant or agreement under this Agreement, or (2) any failure of any condition set forth in Section 6(a) or 6(b), in each case for all purposes of this Agreement.

5. POST-CLOSING COVENANTS. The Parties agree as follows with respect to the period following the Closing.

(a) GENERAL. In case, at any time after the Closing, any further action is necessary or desirable to consummate or implement the transactions contemplated by this Agreement, each of the Parties will take such further action (including, without limitation, the execution and delivery of such further instruments and documents) as the other Party may reasonably request; provided, however, that this Section 5(a) shall not be deemed to require either Party to expend funds or to incur obligations not otherwise expressly required pursuant to this Agreement.

(b) INSURANCE CLAIMS AND RECEIVABLES. During the period commencing at the Closing and ending 125 calendar days after the Closing, Nabors shall cause each of the Companies to use reasonable commercial efforts (i) to collect all insurance claims, accounts receivable or other receivables which were owed by any Person (other than Oxy or any of its Affiliates) to any of the Companies at the Closing, and (ii) to allocate all monies remitted by any such Person to Nabors, any of its Affiliates or any such Company, and received by Nabors, any of its Affiliates or any such Company, during such period to the appropriate invoice or invoices. To the extent that, on the date which shall be 120 calendar days following the Closing Date (or the next Business Day if such date is not a Business Day), any of such insurance claims, accounts receivable or other receivables shall not have been collected by Nabors, the Companies or any such Affiliate, such claims and receivables shall, upon the request of Oxy, be

assigned to Oxy or its designee by the Person to which such claim or receivable shall at the time be owing, all without payment of any further consideration to Nabors or any such Person. During the period commencing at the Closing and ending on the date upon which such claims and receivables shall be so assigned to Oxy, representatives of Oxy or any of its Affiliates may assist the Companies in the collection of any such claims and receivables, and Nabors shall cause the Companies to provide to such representatives all appropriate billing and other records, and to otherwise cooperate with such representatives, in connection with such collection

(c) BOOKS AND RECORDS.

(1) INSPECTION. Each Party agrees that, for a period of five years following the Closing Date, such Party shall take all necessary action to ensure that (i) all corporate books and records of the Companies or pertaining to the Assets with respect to periods ending on or before the Closing Date and in the possession or control of such Party or any of its Affiliates shall be open for inspection by representatives of the other Party at any time during regular

business hours, and (ii) such other Party may during such period at its expense make such excerpts therefrom as it may reasonably request.

(2) DESTRUCTION AND COOPERATION. For a period of five years following the Closing Date (or for such longer period as may be required by Law), no Party or any of its Affiliates shall destroy or give up possession of any original or any copy of any of the books and records relating to any matter for which a Party shall have any continuing responsibility under this Agreement without first offering to the other Party the opportunity, at its expense, to obtain such original or a copy thereof. During such period, each Party shall use its best efforts to cooperate with the other Party and make available such records and books to the employees and representatives of such Party to the extent that such Party may reasonably require for its corporate and other business purposes (including, without limitation, attendance at depositions or legal proceedings, or audits requested by such Party to be performed by such Party's independent accountants for any period through the Closing Date).

(d) OXY TRADENAMES OR TRADEMARKS. Within 120 days after the Closing, Nabors shall cause each of the Companies to eliminate the word "Occidental" or "Oxy", or any word or expression similar thereto, from the names under which Nabors or the Companies do business. As promptly as practicable after the Closing, the word "Occidental" or "Oxy", or any word or expression similar thereto, shall be removed from the respective property, stationery and literature of the Companies, and, thereafter, neither Nabors or the Companies nor any Affiliate of any thereof shall use any such logo or name belonging to

Oxy or any of its Affiliates.

(e) COVENANTS REGARDING EMPLOYEES AND EMPLOYEE BENEFIT PLANS.

(1) Effective as of the Closing Date, Nabors shall cause the Companies or any of their Affiliates to continue to employ each Salaried Employee (except each of the Salaried Employees who shall be terminated pursuant to the provisions of Section 4(l)) at the same level of salary or wages and in a comparable job or function as prior to the Closing. In the event that any of the Companies or their Affiliates shall terminate any Salaried Employee who was eligible to participate in the Severance Program (other than "for cause" (i.e. misconduct or failure to perform properly the duties of such Salaried Employee)) after the Closing and on or prior to September 30, 1996, Nabors shall, or shall cause such Company to, pay to such Salaried Employee severance benefits not less than those severance benefits provided under the Severance Program.

(2) As of the Closing, Nabors shall, or shall cause the Companies to, provide the Employees with retirement, savings, medical, dental, life, long-term disability, short-term disability, vacation, severance pay and other benefits comparable in type and aggregate value to those provided either (i) to such Employees by the Companies immediately prior to Closing, or (ii) by Nabors pursuant to the benefit plans and arrangements which shall be in effect on the Closing Date with respect to comparable employees of Nabors.

(3) Each of the Employees on the Closing Date who shall be eligible to participate in the Nabors' or the Companies' Employee Welfare Benefit Plans shall participate in such plans as of and from the Closing Date. Each of the Employees and their eligible dependents who are participants in the Companies' medical or dental care plans, as applicable immediately prior to the Closing, shall be deemed to satisfy following the Closing any pre-existing condition limitations under group medical, dental, life insurance or disability plans that shall be part of Nabors' or the Companies' Employee Benefit Plans to the same extent as such pre-existing condition limitations were satisfied immediately prior to the Closing, and amounts paid by such Employees in calendar year 1996 towards deductibles and copayment limitations under the Companies' medical and dental plans immediately prior to the Closing shall be counted toward meeting following the Closing any similar deductible and copayment limitations under the Nabors' or the Companies' medical and dental plans that shall be part of such benefit plans after the Closing, provided that no such amounts shall be due or refunded to Employees.

(4) Nabors shall recognize, or cause the Companies to recognize, all service credited for each of the Employees on the Companies' records for purposes of eligibility for participation and vesting under the Nabors' or the

Companies' Employee Benefit Plans and the level of benefits under such plans but specifically excluding any benefit accrual under any Employee Benefit Plan of Nabors that is a defined benefit plan.

(5) From and after the Closing, the Employees shall be entitled to retain and take any paid vacation days accrued but not taken under the Companies' vacation policies prior to the Closing, provided that such vacation days are taken, or paid in lieu of being taken, on or before September 30, 1996.

(6) Nabors, the Companies and Oxy agree to furnish each other with appropriate records for each of the Employees as may be necessary to assist in proper benefit administration.

(7) Nothing expressed or implied in this Agreement shall confer upon any Employee, or legal representative thereof, any rights or remedies, including, without limitation, any right to employment whether directly or as a third party beneficiary, or continued employment for any specified period, of any nature or kind whatsoever.

(8) Nabors shall, to the extent set forth in Section 7(c), hold Oxy and its Affiliates harmless (i) from all claims by any Employee who shall continue employment with the Companies, Nabors or any of its Affiliates after the Closing but whom Nabors or any member of its Affiliated Group shall thereafter terminate, or by any spouse, dependent, estate or other beneficiary or representative of such Employee, and (ii) from any claims or charges by, or relating to, any such Employee concerning wrongful termination, discrimination or harassment, or violation of any Law, including, without limitation, (a) the Fair Labor Standards Act, (b) the Labor Management Relations Act, (c) the Workers Adjustment and

Retraining Notification Act, (d) the Americans With Disabilities Act, (e) ERISA, (f) COBRA, (g) the National Labor Relations Act, (h) the Family and Medical Leave Act, and (i) Title VII of the Civil Rights Act of 1964, all as attributable to the conduct of Nabors or any member of its Affiliated Group with respect to such Employee relating to the period subsequent to the Closing.

(9) Oxy shall, to the extent set forth in Section 7(b), hold Nabors and its Affiliates harmless (i) from all claims by any Employee or former employee terminated by any of the Companies prior to the Closing, or by any spouse, dependent, estate or other beneficiary or representative of such Employee or former employee, and (ii) from any claims or charges by, or relating to, any such Employee or former employee concerning wrongful termination, discrimination or harassment, or violation of any Law, including, without limitation, (a) the Fair Labor Standards Act, (b) the Labor Management Relations Act, (c) the Workers Adjustment and Retraining Notification Act, (d) the Americans With Disabilities Act, (e) ERISA, (f) COBRA, (g) the National

Labor Relations Act, (h) the Family and Medical Leave Act, and (i) Title VII of the Civil Rights Act of 1964, all as attributable to the conduct of the Companies or any member of its Affiliated Group with respect to the Employees or former employees of the Companies relating to the period prior to the Closing.

(f) LITIGATION SUPPORT. In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand in connection with (i) any transaction contemplated by this Agreement, or (ii) any fact, situation, circumstance, status, condition, activity, practice, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date and involving the Companies, the other Party will cooperate with such Party and its counsel in such contest or defense, make available the personnel of such other Party, and provide such testimony and access to its books and records as shall be necessary in connection with such contest or defense, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under Section 7).

(g) COVENANTS REGARDING TAXES.

(1) ELECTION PURSUANT TO SECTION 338(H)(10) OF THE CODE. Nabors and Oxy shall cooperate to take, or cause to be taken, and shall take, or cause to be taken, all actions necessary and appropriate to effect a timely proper election under Section 338(h)(10) of the Code and the Treasury Regulations promulgated thereunder and, to the extent possible, to make similar elections for state income tax purposes. Oxy and Nabors shall comply fully with all filing and other requirements necessary to effectuate such elections on a timely basis and agree to cooperate in good faith with each other in the preparation and timely filing of any Tax Returns required to be filed in connection with the making of such elections, including the exchange of information and the joint preparation and delivery to each other of Form 8023-A (including related schedules) not later than 90 calendar days after any agreement with respect to, or final determination of, the Cash Portion of the Purchase Price pursuant to Section 1(h), or, in any case, not later than the due date of such form, and the

filing of such form and related schedules with their respective income Tax Returns in the time and manner prescribed by law. The Parties shall allocate the Purchase Price, as adjusted, with respect to the assets of the Companies among Classes I, II, III and IV in accordance with Treasury Regulation sections 1.338(b)-2T(b)(1) and (2) and 1.1060-1T(d)(1) and (2). The portion of the Purchase Price, as adjusted, allocable to the assets of the Companies falling within Class III of Treasury Regulations referred to above shall be agreed upon

by Oxy and Nabors, and such allocations shall be binding on the Parties with regards to income Taxes.

(2) ALLOCATION BETWEEN PARTIAL PERIODS. Except as provided below, any real and personal property taxes, ad valorem taxes and franchise taxes for the tax period commencing prior to the Closing Date and ending after the Closing Date shall be apportioned on a per diem basis between (i) the period commencing prior to the Closing Date and ending on the Closing Date, and (ii) the period commencing on the day immediately following the Closing Date and ending on the last day of such tax period; and, in the case of any other Taxes, such Taxes shall be apportioned on the actual activities, taxable income or taxable loss of the Companies, as applicable, during such periods.

Sales Taxes and Transfer Taxes relating to the transfer of the assets of the Companies and the other transactions contemplated by this Agreement shall be borne by Nabors. Nabors and Oxy shall cooperate fully with each other in connection with (i) the preparation and filing of any Tax Return, exemption certificate or other filing relating to such Sales Taxes or Transfer Taxes, including, without limitation, registering as a licensed vendor in any state or local jurisdiction as may be required to claim exemption from such Tax, and (ii) any audit or examination by any Governmental Authority of the Tax Returns, exemption certificates or other filings referred to above. Such cooperation shall include, without limitation, the furnishing or making available books of account, powers of attorney and other materials relating to the assets or the stock of the Companies which are necessary or helpful for the defense against the assertions of any taxing authority relating to any of the transactions contemplated hereunder.

(3) COOPERATION. Oxy shall be solely responsible for, and shall control, the conduct and settlement of audits for any periods ending on or before the Closing Date, and Nabors shall be solely responsible for, and shall control, the conduct and settlement of audits for any periods ending after the Closing Date. Each Party agrees (i) to assist (and cause their respective Affiliates to assist) the other Party in preparing any Tax Returns for which such other Party is responsible, (ii) to cooperate fully (and to cause their respective Affiliates to cooperate fully) in preparing for any audits of, or disputes with, any Governmental Authorities regarding, any Tax Returns for which such other Party is responsible or with respect to Taxes for which such other Party is liable under this Agreement, (iii) to make available (and cause their respective Affiliates to make available), as reasonably requested, all information, records and documents relating to such Taxes, (iv) to provide timely notice to the other Party in writing of any pending or threatened tax audits or assessments for which such other Party may be liable under this Agreement, (v) to furnish

(and to cause their respective Affiliates to furnish) to the other Party any correspondence received from any Governmental Authority in connection with any tax audit, information request, or refund claim with respect to Taxes for which such other Party may be liable under this Agreement, and (vi) to cooperate and provide information, records and documents necessary to administer or enforce this Agreement. Notwithstanding anything in this Agreement to the contrary, the Parties (and their respective Affiliates) will continue to retain all tax records and any other documents relevant to tax matters involving the Companies or the assets thereof for any taxable year that begins before the Closing Date for at least five years, and neither Oxy or Nabors nor any of their respective Affiliates will destroy any such tax records or documents without written notification at least 60 days before such destruction to Oxy or Nabors, as the case may be. If Oxy or Nabors desires to retain such records, it shall be permitted to do so at its own expense.

6. CLOSING CONDITIONS.

(a) CONDITIONS TO OBLIGATION OF NABORS. The obligation of Nabors to purchase the Stock hereunder shall be subject to satisfaction of the following conditions:

(1) Oxy shall have furnished Nabors at the Closing with certified copies of resolutions duly adopted by the Board of Directors of Oxy, which resolutions shall authorize the execution, delivery and performance of this Agreement by Oxy;

(2) The representations and warranties of Oxy set forth in Section 2 shall be true and correct in all material respects as of the Closing with the same effect as though such representations and warranties had been made as of the Closing (except (i) to the extent that such representations and warranties expressly relate to an earlier date, or (ii) as contemplated by this Agreement);

(3) Oxy shall have performed, and complied with, in all material respects all of the covenants and agreements required of it by this Agreement as of the Closing;

(4) Nabors and Oxy shall have procured all of their third party consents specified in Section 4(b) without imposition of any material condition determined to be unacceptable to Nabors in its reasonable judgment;

(5) No action, suit or proceeding shall be pending before any court or quasi-judicial or administrative agency of any federal, state, local or foreign jurisdiction wherein an unfavorable injunction, judgment, order, decree, ruling or charge would (i) prevent the consummation of any of the transactions contemplated by this Agreement, (ii) cause any of such transactions to be rescinded following consummation, (iii) affect adversely the right of Nabors to own the common stock of each of the Companies and to control them, or (iv) affect adversely the right of each of the Companies to own its Assets and to operate its business (and no

such injunction, judgment, order, decree, ruling or charge shall be in effect);

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(6) Oxy shall have delivered to Nabors stock certificates representing the Stock, endorsed in blank or accompanied by duly executed stock powers, signature guaranteed;

(7) Oxy shall have delivered to Nabors a certificate to the effect that each of the conditions specified above in Section 6(a)(1) through 6(a)(6) is satisfied in all material respects;

(8) All applicable waiting periods (and any extensions thereof) under the Hart-Scott-Rodino Act shall have expired or otherwise been terminated;

(9) Nabors shall have received the resignations, effective as of the Closing, of each director and officer of the Companies;

(10) Nabors shall have received from (i) Robert E. Sawyer, Esq., an Associate General Counsel of OPC and counsel to Oxy and its Affiliates in connection with this transaction, an opinion, dated the Closing Date, in form and substance as set forth in Schedule 6(a)(10)(i), and (ii) Woodburn and Wedge, special Nevada counsel to Oxy in connection with this transaction, an opinion, dated the Closing Date, in form and substance as set forth in Schedule 6(a)(10)(ii); and

(11) All actions, proceedings, instruments and other documents required to consummate the transactions contemplated by this Agreement, and all other related legal matters, shall be reasonably satisfactory to counsel to Nabors.

At or prior to the Closing, Nabors may waive in writing any condition specified in this Section 6(a).

(b) CONDITIONS TO OBLIGATION OF OXY. The obligation of Oxy to sell the Stock hereunder shall be subject to satisfaction of the following conditions:

(1) Nabors shall have furnished Oxy at the Closing with certified copies of resolutions duly adopted by the Board of Directors of Nabors, which resolutions shall authorize the execution, delivery and performance of this Agreement by Nabors;

(2) The representations and warranties of Nabors set forth in Section 3 shall be true and correct in all material respects as of the Closing with the same effect as though such representations and warranties

had been made as of the Closing (except (i) to the extent that such representations and warranties expressly relate to an earlier date, or (ii) as contemplated by this Agreement);

(3) Nabors shall have performed, and complied with, in all material respects all of the covenants and agreements required of it by this Agreement as of the Closing;

(4) Nabors and Oxy shall have procured all of their third party consents specified in Section 4(b) without imposition of any material condition determined to be unacceptable to Oxy in its reasonable judgment;

(5) No action, suit or proceeding shall be pending before any court or quasi-judicial or administrative agency of any federal, state, local or foreign jurisdiction wherein an unfavorable injunction, judgment, order, decree, ruling or charge would (i) prevent consummation of any of the transactions contemplated by this Agreement, (ii) cause any of such transactions to be rescinded following consummation, or (iii) affect adversely the right of Oxy to own the Warrant (and no such injunction, judgment, order, decree, ruling or charge shall be in effect);

(6) Nabors shall have delivered to Oxy at the Closing (i) the Estimated Cash Portion of the Purchase Price, and (ii) the Warrant duly executed by an authorized officer of Nabors;

(7) From the date of this Agreement, there shall not have occurred (i) any suspension or material limitation of trading in securities generally on the American Stock Exchange, (ii) any suspension of trading of any securities of Nabors, including the Nabors Common Stock, by the Securities and Exchange Commission or any national securities exchange, or (iii) any banking moratorium which shall have been declared by Federal or New York authorities;

(8) Nabors shall have delivered to Oxy a certificate to the effect that each of the conditions specified above in Section 6(b)(1) through 6(b)(7) is satisfied in all material respects;

(9) All applicable waiting periods (and any extensions hereof) under the Hart-Scott-Rodino Act shall have expired or otherwise been terminated;

(10) Oxy shall have received from Baker & McKenzie, counsel to Nabors, an opinion, dated the Closing Date, in form and substance as set forth in Schedule 6(b)(10); and

(11) All actions, proceedings, instruments and other documents required to consummate the transactions contemplated by this Agreement, and all other related legal matters, shall be reasonably satisfactory to counsel to Oxy.

At or prior to the Closing, Oxy may waive in writing any condition specified in this Section 6(b).

(c) WAIVER OF BREACH. In the event of any breach by any Party of any of the representations, warranties, covenants or agreements of such Party contained in this Agreement (whether notice of such breach shall be set forth in any certificate furnished pursuant to the provisions of Section 6(a)(7) or 6(b)(8) or otherwise), the other Party may elect to consummate the purchase and sale of the Stock hereunder, and, upon any such election, (i) the Parties may enter into a mutually acceptable amendment to this Agreement addressing such breach and any other matters related thereto, or (ii) such other Party shall unilaterally waive such breach; provided, however, that in no event shall the Party responsible for such breach be required to enter into any such amendment unless such amendment provides that such breach shall be deemed unconditionally waived by such other Party for all purposes of this Agreement.

(d) WAIVER FOR ALL PURPOSES. Any waiver of any condition pursuant to the provisions of Section 6(a) or 6(b) shall be a waiver for all purposes of this Agreement but only with respect to such condition, and any waiver of any breach pursuant to the provisions of Section 6(c) shall be a waiver for all purposes of this Agreement but only with respect to such breach.

7. REMEDIES FOR BREACHES OF THIS AGREEMENT.

(a) SURVIVAL OF REPRESENTATIONS AND WARRANTIES. Each of the representations and warranties of the Parties contained in Sections 2 and 3 (as confirmed by the certificates delivered pursuant to the provisions of Sections 6(a)(7) and 6(b)(8)), and all of the covenants in Section 5, shall survive the Closing hereunder for the Survival Period, after which they shall terminate and be of no further force or effect.

(b) INDEMNIFICATION PROVISIONS FOR BENEFIT OF NABORS. Oxy shall defend, indemnify and hold Nabors harmless from and against any and all Adverse Consequences incurred or suffered by Nabors or any of its Affiliates and resulting from, or arising out of, any of the following:

(i) any breach or nonperformance, either partial or total, by Oxy of any representation, warranty, covenant or agreement of Oxy set forth in this Agreement, or in any certificate delivered by Oxy pursuant to the provisions of Section 6(a)(7);

(ii) any Liability of any of the Companies to the extent, and only to the extent, that such Liability (1) was created or incurred on or before the Closing Date, or arose from any fact, event, condition or circumstance existing on or before the Closing Date, (2) is not a Continuing Obligation, (3) is not reflected in, or reserved against on, the Statement of Consolidated Working Capital, and (4) does not arise from (A) any representation, warranty, statement, information, opinion, projection, financial statement or advice referred to in clause (1) of Section 2(q), (B) the maintenance, repair, condition, quality, suitability, design or marketability of, or title of any of the Companies to, any of the Assets, the merchantability or fitness for any particular purpose of any of the Assets, or compliance with any Law applicable to any personal

property of any of the Companies, or (C) any matter set forth in clause (3) of Section 2(q). In the case of any Liability arising from workers' compensation claims, such Liability shall be considered to be created or incurred on or before the Closing Date if such claim relates exclusively to, or arises primarily as a result of, illnesses or injuries sustained on or prior to the Closing Date; and

(iii) any Liability of any of the Companies arising out of any failure of either of the Profit Sharing Plans to meet the requirements of a "qualified plan" under section 401(a) of the Code as a result of any action, or omission, by any of the Companies prior to the Closing;

provided, however, that Oxy shall have no obligation to indemnify, defend or hold Nabors harmless with respect to any Adverse Consequence (1) to the extent that such Adverse Consequence (A) has been taken into account in calculating the Purchase Price, or (B) results from, or arises out of, any Real Property Title Defect, or (2) unless Oxy receives notice from Nabors of such Adverse Consequence within the applicable Survival Period. Notwithstanding anything in this Agreement to the contrary, Oxy shall not have any obligation to defend, indemnify and hold Nabors harmless against any Adverse Consequence until Nabors and its Affiliates have suffered Adverse Consequences for which Nabors is entitled to indemnification hereunder in an aggregate amount exceeding $200,000 (and then only to the extent of such excess); provided, however, that the limitation set forth immediately above with respect to $200,000 shall not apply to any Adverse Consequence incurred or suffered by Nabors or any of its Affiliates and resulting from, or arising out of, any Liability (y) constituting a Special Matter and referred to in clause (i) or (iii) of the definition thereof, or (z) referred to in clause (iii) of this Section 7(b). Except as set forth hereafter in this Section 7(b), in no event shall Oxy's aggregate liability for all Adverse Consequences exceed the aggregate value of the Purchase Price. Notwithstanding anything herein to the contrary, Oxy's

liability for any Adverse Consequences resulting from, or arising out of, any of the representations, warranties, covenants and agreements of Oxy set forth in Section 5(e)(9) shall be unlimited in amount. Nabors shall take all such reasonable actions as may be necessary to mitigate its damages, which cost of mitigation shall be covered by the indemnity set forth in this Section 7(b).

Each notice of any Adverse Consequence referred to in this Section 7(b) shall set forth the amount claimed by Nabors to be owing by Oxy to Nabors under this Section 7(b) and a list identifying (to the extent reasonably possible) each separate item constituting such Adverse Consequence.

(c) INDEMNIFICATION PROVISIONS FOR THE BENEFIT OF OXY. Nabors shall defend, indemnify and hold Oxy harmless from and against any and all Adverse Consequences incurred or suffered by Oxy or any of its Affiliates and resulting from, or arising out, of any of the following:

(i) any breach or non-performance, either partial or total, by Nabors of any representation, warranty, covenant or agreement of Nabors set forth in this Agreement or in any certificate delivered by Nabors pursuant to the provisions of Section 6(b)(8); and

(ii) any Liability of any of the Companies to the extent, and only to the extent, that such Liability (1) is created or incurred after the Closing Date, or arises after the Closing Date from any fact, event, condition or circumstance existing from and after the Closing Date, or (2) is a Continuing Obligation;

provided; however, that Nabors shall have no obligation to indemnify, defend or hold Oxy harmless with respect to any Adverse Consequence unless Nabors receives notice from Oxy of such Adverse Consequence within the applicable Survival Period.

Oxy shall take all such reasonable actions as may be necessary to mitigate its damages, which cost of mitigation shall be covered by the indemnity set forth in this Section 7(c).

Each notice of any Adverse Consequence referred to in this Section 7(c) shall set forth the amount claimed by Oxy to be owing by Nabors to Oxy under this Section 7(c) and a list identifying (to the extent reasonably possible) each separate item constituting such Adverse Consequence.

(d) MATTERS INVOLVING THIRD PARTIES.

(1) If any third party shall notify any Party (the "Indemnified Party") with respect to any matter (a "Third Party Claim") that may give

rise to a claim for indemnification against any other Party (the "Indemnifying Party") under Section 4(m), 4(n), 5(e), 9(n) or this Section 7, then the Indemnified Party shall promptly notify the Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent that) the Indemnifying Party thereby is prejudiced.

(2) The Indemnifying Party will have the right to defend the Indemnified Party against any Third Party Claim and administer all aspects of such defense with counsel of its choice reasonably satisfactory to the Indemnified Party so long as (i) the Indemnifying Party notifies the Indemnified Party in writing within 15 days after the Indemnified Party has given notice of such Third Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of any Adverse Consequences that the Indemnified Party may suffer resulting from, arising out of, relating to, or caused by, such Third Party Claim; (ii) such Third Party Claim involves only money damages and does not seek an injunction or other equitable relief; and (iii)

the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently.

(3) So long as the Indemnifying Party is conducting the defense of any Third Party Claim in accordance with Section 7(d)(2), (i), unless such Third Party Claim involves Liabilities for litigation, workers' compensation, or general or automobile liability existing on the Closing Date, the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, (ii) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to such Third Party Claim without the prior written consent of the Indemnifying Party (which consent will not be withheld unreasonably); and (iii), unless such Third Party Claim involves Liabilities for litigation, workers' compensation, or general or automobile liability existing on the Closing Date, the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to such Third Party Claim without the prior written consent of the Indemnified Party (which consent will not be withheld unreasonably).

(4) In the event that any of the conditions in Section 7(d)(2) is or becomes unsatisfied, (i) the Indemnified Party may defend against any Third Party Claim in any manner it reasonably may deem appropriate; provided, however, that the Indemnified Party shall not consent to the entry of any judgment or enter into any settlement or agreement to settle

such Third Party Claim without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld); (ii) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against such Third Party Claim (including reasonable attorneys' fees and expenses); and (iii) the Indemnifying Party will remain responsible for any Adverse Consequences that the Indemnified Party actually suffers resulting from, arising out of, relating to, or caused by, such Third Party Claim to the fullest extent provided in this Section 7.

(5) To the extent of any payment by the Indemnifying Party of any amount in accordance with the provisions of this Section 7, the Indemnifying Party shall be subrogated to all rights which the Indemnified Party shall have against third parties for the matter indemnified against, upon the full satisfaction by the Indemnifying Party of its indemnity and payment obligations with respect to such matter.

(6) The provision and procedures of this Section 7(d) (other than the notice requirement in Section 7(d)(1)) shall apply to any Third Party Claim existing on the Closing Date and relating to Liabilities for litigation, workers' compensation, or general or automobile liability, and Oxy hereby assumes, effective as of the Closing, all, and shall have sole, responsibility for the payment, administration and defense of, such Third Party Claims.

(e) REAL PROPERTY TITLE DEFECTS. In the event that any Real Property Title Defect with respect to any parcel of real property Owned by any of the Companies at the Closing shall exist at the Closing, Oxy shall pay to Nabors, not later than 30 days after demand therefor, an amount equal to the amount determined by multiplying (i) the number of acres contained in such parcel, by (ii) $1,000; provided, however, that no such demand shall be made more than five years after the Closing Date.

(f) PROCEDURES WITH RESPECT TO REMEDIATION OF REAL PROPERTY. The following special procedures apply to any remediation or clean up obligation with respect to Real Property covered by Section 7(b):

(1) If Nabors receives a notice of violation or a demand of any Governmental Authority or is aware that remediation or cleanup is required to achieve an enforceable standard under an Environmental, Health or Safety Law as a consequence of a condition in existence on any Real Property on or before the Closing Date, Nabors will provide written notice to Oxy with respect to such circumstances.

(2) In such notice, Nabors shall:

(A) provide Oxy with the opportunity to perform such remediation or cleanup at Oxy's own expense, subject only to the requirement that such remediation or cleanup achieves the applicable enforceable standard established under the applicable Environmental, Health and Safety Law or is accomplished to the approval of the applicable Governmental Authorities with jurisdiction within the time periods provided by such Governmental Authorities, and

(B) provide Oxy or its designee with the option of purchasing the property subject to such Liability (or the interest of any of the Companies therein) at a price equal to the sum of (I) $1,000 per acre, (II) the Fair Market Value of any fixtures and other permanent improvements thereon, and (III) the actual reasonable cost of moving any equipment and movable personal property located thereon to another location, selected by Nabors, that is not more than 50 miles from such property. In the event that Oxy elects to purchase any such property (or the interest of any of the Companies therein), (y) Nabors will use all reasonable commercial efforts to obtain any third-party consents that are required for the consummation of such purchase, and (z), if Nabors receives the requested consents, Nabors will execute and deliver to Oxy or its designee a deed or other assignment document (in which Nabors will indemnify Oxy from and against any Adverse Consequence incurred or suffered by Oxy or any of its Affiliates and resulting from, or arising out of, any Liability of Oxy or any such Affiliate under Environmental, Health and Safety Laws with respect to such property to the extent that such Liability was created, incurred or arose as a result of any activities of the Companies from and after the Closing Date through the date of conveyance of such property), reasonably acceptable to Oxy and Nabors, conveying title to such property (or such interest therein) free and clear of any Lien (other than any Lien in existence on the Closing Date or a Lien arising as a result of the condition giving rise to the applicable remediation or clean up requirement).

(3) Oxy shall inform Nabors not later than the 30th calendar day after receipt by Oxy of such notice (or such shorter period if required by any Governmental Authority) of the action, if any, that Oxy intends to take pursuant to clause (A) or (B) of this Section 7(f). If Oxy elects not to take either of the actions described in clause (A) or (B) of this Section 7(f) or fails to respond within the time period set forth herein, Nabors, without waiving any of its rights under Section 7(b), shall be free to take such actions as it deems to be appropriate in its sole discretion.

(4) Oxy's obligations under Section 7(b) and this Section 7(f) do not require the removal of friable asbestos from any building, equipment or tank (other than an underground storage tank) that as of the Closing Date was being used by any of the Companies in the Ordinary Course of Business of such Company and was not subject to any asbestos removal requirement to achieve an

enforceable standard established under any Environmental, Health and Safety Law.

(5) Notwithstanding any remediation or purchase by Oxy or its designee of any such Real Property as provided herein, Oxy's indemnity obligations under Section 7(b) shall continue with respect to such Real Property to the extent provided therein.

(6) This provision does not limit Oxy's obligations pursuant to the provisions of Section 7(b) with respect to any Liability arising under any Environmental, Health and Safety Law with respect to real property other than Real Property.

(g) SOLE REMEDY FOR BREACHES OF THIS AGREEMENT. Following the Closing, the foregoing indemnification provisions will be the sole remedy of the Parties for breaches of the representations, warranties, covenants or agreements contained herein, and each Party hereby waives any other statutory, equitable or common law remedy such Party would otherwise have for any breach of this Agreement.

(h) SPECIFIC PERFORMANCE. In the event of the satisfaction by any Party of the conditions, set forth in Section 6(a) or 6(b) (including any such satisfaction as a result of any agreement or waiver referred to in Section 6(a), 6(b) or 6(c)), to the purchase or sale of the Stock hereunder, the obligation of such Party to consummate such purchase or sale shall be specifically enforceable by the other Party, and, in such event, the first Party waives any defense in any proceeding in equity that monetary damages would be a sufficient remedy for any breach by such Party of such obligation.

8. TERMINATION.

(a) TERMINATION OF AGREEMENT. Anything herein to the contrary notwithstanding, this Agreement and the transactions contemplated hereby may be terminated at any time before the Closing as provided below:

(1) Nabors and Oxy may terminate this Agreement by mutual written consent;

(2) Nabors may terminate this Agreement by giving written notice to Oxy if: (i) in the event that Oxy has breached any representation, warranty, covenant or agreement contained in this Agreement in any material respect, Nabors has notified Oxy of such breach, and such breach has continued without cure for a period of 30 days after such notice, or (ii) the Closing shall not have occurred on or before the Termination Date, by reason of the failure of any condition precedent under Section

6(a); and

(3) Oxy may terminate this Agreement by giving written notice to Nabors if: (i) in the event that Nabors has breached any representation, warranty, covenant or agreement contained in this Agreement in any material respect, Oxy has notified Nabors of such breach, and such breach has continued without cure for a period of 30 days after such notice, or (ii) the Closing shall not have occurred on or before the Termination Date, by reason of the failure of any condition precedent under Section 6(b).

(b) EFFECT OF TERMINATION. If any Party terminates this Agreement pursuant to Section 8(a), all rights and obligations of the Parties hereunder shall terminate without any Liability of either Party to the other Party, except that the provisions of Sections 9(a), 9(b), 9(c), 9(d), 9(e), 9(g), 9(h), 9(i), 9(j), 9(m) and 9(n) shall survive any such termination; provided, however, that any termination pursuant to Section 8(a)(2) or 8(a)(3) shall not relieve any Party of any Liability to the other Party for any willful or intentional breach of this Agreement occurring prior to such termination, and no such termination shall be deemed to be a waiver of any applicable remedy for any such breach.

9. MISCELLANEOUS.

(a) CONFIDENTIALITY. Nabors and its Affiliates shall, and shall cause their respective employees, agents, accountants, legal counsel and other representatives to, hold in strict confidence, and not utilize for any commercial or other purpose whatsoever, information of any kind concerning Oxy, the Companies or their respective businesses, in each case obtained from Oxy, the Companies or any of their respective Affiliates, employees, agents, accountants, legal counsel or other representatives (hereinafter such information is referred to as the "Information"); provided, however, that the foregoing obligation of confidence shall not apply to (i) any Information that is or shall become generally available to the public other than as a result of a disclosure by Nabors, any of its Affiliates or the respective employees, agents, accountants, legal counsel or other representatives of Nabors or any such Affiliate, (ii) any Information that is or shall become available to Nabors or its employees, agents, accountants, legal counsel or other representatives prior to the Closing on a nonconfidential basis prior to its disclosure by Nabors or its employees, agents, accountants, legal counsel or other representatives, and (iii) any Information that shall be required to be disclosed by Nabors, any of its Affiliates or the respective employees, agents, accountants, legal counsel or other representatives of Nabors or any such Affiliate as a result of any offering of securities of Nabors

or of any such Affiliate or otherwise in each case under any Law or any rule or regulation of any stock exchange. The obligations of Nabors under this Section 9(a) shall terminate on (1) the Closing Date, or (2) on March 31, 2001, if no Closing shall occur.

(b) PRESS RELEASES AND PUBLIC ANNOUNCEMENTS. Prior to the Closing, the Parties shall not, and shall not permit any of their respective Affiliates to, issue any press release or other public announcement relating to the subject matter of this Agreement (other than presentations to security analysts and financial institutions) except (i) with the prior approval of the other Party, or (ii) when, on the advice of legal counsel, such release or announcement is required by the federal securities laws or the rules and regulations of any of the national stock exchanges (in which case the disclosing Party shall consult with the other Party prior to making the disclosure).

(c) NO THIRD-PARTY BENEFICIARIES. NOTHING CONTAINED IN THIS AGREEMENT, EXPRESS OR IMPLIED, IS INTENDED TO CONFER UPON ANY PERSON, OTHER THAN THE PARTIES AND THEIR RESPECTIVE SUCCESSORS AND PERMITTED ASSIGNS, ANY RIGHTS, REMEDIES OR OBLIGATIONS UNDER, OR BY REASON OF, THIS AGREEMENT.

(d) ENTIRE AGREEMENT. This Agreement (including the documents referred to herein) constitutes the entire agreement between the Parties and supersedes all prior understandings and agreements, including, but not limited to, the Confidentiality Agreement, with respect to the subject matter hereof or thereof.

(e) ASSIGNMENT. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, by operation of law or otherwise, by any Party without the prior written consent of the other Party; provided, however, that Nabors may assign this Agreement or its rights hereunder to any wholly owned subsidiary provided that (i), prior to any such assignment, the Person to which such assignment shall be made shall expressly assume by an instrument in writing, executed and delivered to Oxy, the performance and observance of every obligation, covenant and agreement in this Agreement on the part of Nabors to be performed or observed, and (ii) no such assignment shall have the effect of releasing Nabors or any other Person (including, without limitation, any additional party) from its obligations, covenants or agreements under this Agreement.

(f) COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which when so executed shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) NOTICES. All notices and other communications hereunder to a Party shall be in writing and shall be sent by (i) personal delivery (including courier service), (ii) telecopier during normal business hours to the number indicated below, or (iii) first class or registered or certified mail, postage prepaid, and addressed as follows (any communication shall be deemed given upon receipt):

IF TO OXY AT:

Occidental Oil and Gas Corporation
1200 Discovery Drive
Bakersfield, California 93309-7008
Attention: Executive Vice President and
Chief Financial Officer
Telecopier: (805) 322-7457

WITH A COPY TO:

Occidental Petroleum Corporation
10889 Wilshire Boulevard
Los Angeles, California 90024
Attention: Vice President - Operations
Telecopier: (310) 443-6331

IF TO NABORS AT:

Nabors Industries, Inc.
515 West Greens Road, Suite 1200
Houston, Texas 77067
Attention: Anthony G. Petrello, President
Telecopier No.: (713) 872-5205

WITH A COPY TO:

Baker & McKenzie
805 Third Avenue
New York, New York 10022
Attention: Howard M. Berkower
Telecopier: (212) 759-9133.

Any Party may change its telecopier number or its address to which notices and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

(h) GOVERNING LAW. This Agreement shall be governed by, and construed in

accordance with, the laws of the State of New York, without regard to principles of conflicts of law.

(i) SERVICE OF PROCESS, CONSENT TO JURISDICTION, ETC. Each Party hereby irrevocably agrees that any legal action or proceeding against it arising out of this Agreement may be brought in the courts of the State of New York, or of the United States of America for the Southern District of New York, and does hereby irrevocably (i) agree to designate, appoint and empower, prior to the Closing Date, an agent to receive for and on behalf of it service of process in the State of New York, and (ii) consent to service of process outside the territorial jurisdiction of such courts in the manner permitted by law. In addition, each Party irrevocably waives (a) any objection which such Party may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of, or relating to, this Agreement brought in any such court, (b) any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum, and (iii) the right to object, with respect to any such claim, suit, action or proceeding brought in any such court, that such court does not have jurisdiction over such Party or any other Party. In addition, any such legal action or proceeding may be brought in any court having jurisdiction pursuant to applicable law.

(j) AMENDMENTS AND WAIVERS. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each Party hereto. No waiver by either Party of any default, misrepresentation, breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(k) HEADINGS. The descriptive headings of the several Sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(l) SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(m) EXPENSES. Except as otherwise provided herein, each of the Parties will bear all of its own costs and expenses (including, without limitation, legal and accounting fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

(n) BROKERAGE INDEMNITIES. Regardless of whether the Closing shall occur, (i) Oxy shall indemnify and hold harmless Nabors and its Affiliates from and against any and all Liability for any brokers or finders fees arising with respect to any brokers or finders retained or engaged by Oxy or any of its Affiliates in respect of the transactions contemplated by this Agreement, and (ii) Nabors shall indemnify and hold harmless Oxy and its Affiliates from and

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against any and all Liability for any brokers or finders fees arising with respect to any brokers or finders retained or engaged by Nabors or any of its Affiliates in respect of the transactions contemplated by this Agreement.

(o) CONSTRUCTION. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any of the provisions of this Agreement. Personal pronouns, when used in this Agreement, whether in the masculine, feminine or neuter gender, shall include all other genders, and the singular shall include the plural, and vice versa. All references in this Agreement or in any Schedule attached hereto to (i) Sections or subsections shall refer to the corresponding Section or subsection of this Agreement, unless specific reference is made to a Section or subsection of another document or instrument, and (ii) a Schedule or an Exhibit shall refer to the corresponding Schedule or Exhibit to this Agreement, unless a specific reference is made to a Schedule or an Exhibit to another document or instrument. Any reference in this Agreement to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

(p) INCORPORATION OF EXHIBITS AND SCHEDULES. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

NABORS INDUSTRIES, INC.

By: _____

Name:
Title:

OCCIDENTAL OIL AND GAS CORPORATION

By:

Name:
Title:

EXHIBIT A

Definitions

"Adverse Consequences" means all actions, suits, proceedings, investigations, charges, complaints, claims, demands, judgments, orders, decrees, rulings, damages, fines, costs, amounts paid in settlement, liabilities, losses and expenses, including court costs and reasonable attorneys' fees and expenses, but excluding (i) any diminution in the value of any Asset or the stock of any of the Companies, and (ii) (except to the extent claimed by a third party in connection with a Third Party Claim) any loss of profits, indirect, consequential or punitive damages.

"Affiliate" means any Person that is an "affiliate" within the meaning of the regulations promulgated under the Securities Act, as such regulations and Act shall be amended and in effect on the date of the Agreement. Each of the Companies shall (i), with respect to all periods of time prior to, and immediately before, the Closing, be an Affiliate of Oxy, and (ii), with respect to all periods of time after, and commencing upon, the Closing, and so long as owned by Nabors or any of its Affiliates, be an Affiliate of Nabors.

"Affiliated Group" means any affiliated group within the meaning of Code Sec. 1504.

"Agreement" means the Agreement to which this Exhibit is attached.

"Assets" means any and all properties and assets (real, personal or mixed, tangible or intangible) of any of the Companies (other than Excluded Assets).

"Average Closing Price" means the average closing price of the Nabors Common Stock on the American Stock Exchange as reported by the Wall Street Journal for the 10 trading days ending three trading days prior to the Closing Date.

"Bonus Plans" means (i) the Exeter Management Bonus Plans, and (ii) the Gibson management bonus plan for administrative support.

"Business Day" means any day, other than a Saturday, Sunday or a day on

which banking institutions in the City of New York, State of New York, are required or authorized by law to close.

"Cash Portion of the Purchase Price" means the Estimated Cash Portion of the Purchase Price, after giving effect to the adjustments after the Closing relating to Consolidated Working Capital and prorations described in Section 1(h).

"Casualty Event" has the meaning set forth in Section 1(j).

"Casualty Notice" has the meaning set forth in Section 1(j).

"Closing" has the meaning set forth in Section 1(f).

"Closing Date" has the meaning set forth in Section 1(f).

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"Code" means the Internal Revenue Code of 1986, as amended. All citations to the Code, or to the Treasury Regulations promulgated thereunder, shall include any amendments thereto or any substitute or successor provisions thereof.

"Commitment" means any undertaking, guarantee or other commitment, including, without limitation, any insurance bond.

"Companies" means Exeter, Gibson and International, and, after the Closing, any successor to any thereof by merger, consolidation or otherwise.

"Companies Employee Benefit Plans" has the meaning set forth in Section 2(j)(4).

"Confidentiality Agreement" means the letter, dated May 14, 1993, between OPC and Nabors.

"Consideration" means the consideration for the Stock comprising of the Cash Portion of the Purchase Price and the Warrant.

"Consolidated Working Capital" means the consolidated working capital of the Companies consisting of the sum of the following items at the Closing Date:

(i) cash,

(ii) accounts receivable and notes receivable from, and advances to,

Persons (other than Oxy or its Affiliates),

(iii) insurance claims,

(iv) prepaid expenses,

(v) deferred charges,

(vi) $300,000, representing the agreed inventory value for purposes of this Agreement,

(vii) the amount determined by multiplying (1) the number of feet of drill pipe (not exceeding 20,000 feet) purchased and paid for by any of the Companies prior to the Closing and described in the letter, dated March 5, 1996, from National Oilwell to Exeter, by (2) $21.31 per foot, and

(viii) the total amount of capital expenditures made by any of the Companies from January 1, 1996 to the Closing Date to the extent that such amount exceeds the amount determined by multiplying $13,333 by the number of days which shall have occurred between January 1, 1996 and the Closing Date; provided, however, that the amount determined pursuant to the provisions of this clause (f) shall not exceed the sum of the amounts referred to in clause (f) below;

less the sum of the following items at the Closing Date:

(a) reserves for uncollectible accounts and notes receivable maintained in accordance with GAAP; provided, however, that, for purposes of calculating the adjustment described in Section 1(h), all insurance claims, accounts and notes receivable or other receivables that are not collected on or before the date that is 120 calendar days following the Closing Date (or the next Business Day if such date is not a Business Day) shall be included in such reserves,

(b) accounts, notes and other obligations payable (to Persons other than Oxy or its Affiliates) due in one year or less,

(c) accrued expenses due in one year or less, including any such expense representing accrued vacation time for Employees,

(d) accrued but unpaid Taxes (other than Sales Taxes and Transfer Taxes referred to in Section 5(g)(2)) payable by any of the Companies due in one year or less,

(e) long-term obligations evidenced by invoices or notes payable that were rendered or signed, as the case may be, prior to the Closing,

(f) amounts which are received, or receivable, by any of the Companies after December 31, 1995 in violation of clause (g) of Section 4(c), and

(g) deferred credits;

provided, however, that the items referred to in clauses (a) through (g) above shall not include any Liabilities that Oxy shall have assumed pursuant to the provisions of clause (6) of Section 7(d).

"Consolidated Subsidiary" of any Person means any Subsidiary of such Person included in the financial statements of such Person and its Subsidiaries prepared on a consolidated basis in accordance with GAAP.

"Continuing Obligation" means any of the following:

(i) All of the Liabilities of any of the Companies incurred in the operation of the business of such Company after the Closing pursuant to the provisions of any (1) Commitment, (2) Contract, or (3) Permit, in each case to which any of the Companies was a party or to which any of the Companies or any of the Assets were subject prior to the Closing; and

(ii) All Liabilities associated with, or relating to, the Assets arising, or to be performed, after the Closing, including, but not limited to, trade payables arising after the Closing and any amounts to be paid after the Closing relating to the period after the Closing;

provided, however, that in no event shall "Continuing Obligation" be deemed to include any Liabilities of any of the Companies or any other Person (1) associated with, or arising out of, any Excluded Asset, (2) of any nature whatsoever which (A) relates to, or arises out of, events occurring, actions taken or omitted to be taken, prior to the Closing, and (B) is required to be performed prior to the Closing, (3) which arises under any claim, litigation or other cause of action (whether threatened or pending) based on occurrences or events that occurred prior to the Closing, (4) which relate to the borrowing of money or the obtaining of advances or credit for money, including, but not limited to, any lease agreement which is a capital lease, (5) which relate to amounts payable in connection with transactions between or among any of the Companies or its Affiliates, (6) in respect of any obligation of any of the Companies (including any Special Matter) to the extent that such obligation (or Special Matter) does not arise from the operation or ownership of the business or the Assets of such Company following the Closing, (7) to the extent that any

such Liability is for the payment for products or services which shall be received by any of the Companies prior to the Closing Date, or (8) to the extent that any such Liability is expressly assumed by Oxy pursuant to the provisions of this Agreement.

"Contract" of any Person means any contract, agreement or instrument of any type whatsoever (i) to which such Person is a party and by which such Person either has made a binding undertaking to perform an obligation or is entitled to any property or right, or (ii) by which any of the assets of such Person is bound.

"Employees" means all active employees (either salaried or hourly) of the Companies, including employees who are, on the Closing Date, on short-term disability, sick leave or other short-term leave of absence.

"Employee Benefit Plan" means (i) any plan, program or arrangement which is an Employee Pension Benefit Plan or an Employee Welfare Benefit Plan, or (ii) any bonus, incentive compensation, profit sharing, group insurance, death benefit, medical expense reimbursement or premium conversion, worker's compensation, dependent care, stock option, stock purchase, stock appreciation rights, savings, deferred compensation, consulting, severance pay or termination pay, vacation pay, or other employee benefit or fringe benefit plan, program or arrangement.

"Employee Pension Benefit Plan" has the meaning set forth in ERISA Sec. 3(2).

"Employee Welfare Benefit Plan" has the meaning set forth in ERISA Sec. 3(1).

"Environmental, Health, and Safety Law" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, the Occupational Safety and Health Act of 1970, the Outer Continental Shelf Lands Act, the Clean Water Act, the Oil Pollution Act, the Clean Air Act, and the Hazardous Materials Transportation Act, each as amended, together with all other laws (including rules, regulations, codes, plans, injunctions, common law judgments, orders, decrees, rulings and charges thereunder) of foreign, federal, state, and local governments (and all agencies thereof) concerning pollution or protection of the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata), public health and safety, or employee health and safety, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous or toxic materials or wastes into ambient air, surface water, ground water or lands, or otherwise relating to the manufacture,

processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, or chemical, industrial, hazardous or toxic materials or wastes.

"Equity Securities" of any Person means the capital or voting stock of such Person and all other securities convertible into, or exchangeable or exercisable for, any shares of such capital or voting stock, all rights to subscribe for or to purchase, all options and warrants for the purchase of, and all calls, commitments or claims of any character relating to, any shares of such capital or voting stock, all equity equivalents, interests in the ownership or earnings or other similar rights of, or with respect to, such Person, and any securities convertible into or exchangeable or exercisable for any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means each person (as defined in Section 3(9) of ERISA) that would be treated as a single employer under Section 4001(b) of ERISA or that would be

deemed to be a member of the same "controlled group" within the meaning of Section 414(b), (c), (m) and (o) of the Code (provided, however, that, when the subject of the provision is a multiemployer plan, only subsection (b) and (c) and of Section 414 of the Code shall be taken into account).

"Estimated Cash Portion of the Purchase Price" means the sum of (i) $18,000,000, and (ii) the estimated amount of the Consolidated Working Capital, calculated as provided in Section 1(d) of the Agreement, less any reductions in the Purchase Price under Section 1(j).

"Exchange Act" means the Securities and Exchange Act of 1934, as amended.

"Excluded Assets" means (i) the leases identified on Schedule A-1, (ii) all properties and assets (real, personal or mixed, tangible or intangible) which are subject to any of such leases, (iii) all artwork, sculptures, photographs and pictures located at the offices of Exeter in Denver, Colorado, (iv) any Asset which Nabors, pursuant to the provisions of Section 1(j)(i), shall have elected to treat as an Excluded Asset, (v) any amount received or receivable by Exeter as a result of any judgment or settlement in the case styled "Texakoma Oil & Gas Corporation v. Exeter Drilling Company", 193rd Judicial District Court, Dallas County, Texas (Cause No. 94-07308), and (vi) any furniture and the telephone system located at the offices of Exeter in Denver, Colorado (other than any 10 office furniture sets selected by Nabors).

"Exeter" means Exeter Drilling Company, a Nevada corporation.

"Exeter Common Stock" means the common stock, no par value, of Exeter.

"Exeter Subsidiaries" means Gibson and International.

"Fair Market Value" of any Asset means the value that would be obtained in an arm's length transaction between an informed and willing buyer and an informed and willing seller, determined by the agreement of Oxy and Nabors or by appraisal as hereinafter provided. If the Fair Market Value of any Asset must be determined, Oxy shall submit to Nabors an estimate of the Fair Market Value of such Asset, and Oxy and Nabors shall consult for the purpose of determining the Fair Market Value of such Asset. If, on or before the fifteenth calendar day after Oxy shall have provided such an estimate, Oxy and Nabors shall not have reached agreement on the Fair Market Value of such Asset, Oxy shall designate, on or before the fifteenth calendar day after the expiration of such 15-day period, five nationally recognized appraisal firms with which Oxy has not conducted business within the three years previous thereto. Nabors shall select, on or before the tenth calendar day after such designation, one of such appraisal firms to conduct an appraisal of such Asset, and the Fair Market Value of such Asset shall be determined by such appraisal firm as promptly as possible (and in any event on or before the thirtieth calendar day thereafter). The cost of such appraisal shall be paid in equal proportions by Oxy and Nabors. Oxy shall provide to Nabors

and, if applicable, such appraisal firm, all information reasonably requested by Nabors or such appraisal firm, as the case may be, to determine the Fair Market Value of such Asset.

"Financial Statements" means the consolidated balance sheet of Exeter and its Consolidated Subsidiaries as of December 31, 1995, and the related consolidated statements of income and cash flows for the year then ended.

"GAAP" means generally accepted accounting principles in the United States of America.

"Gibson" means J. W. Gibson Well Service Company, a Delaware corporation.

"Governmental Authority" means (i) any federal, state, local, foreign or other governmental, administrative, regulatory or self-regulating authority or agency, (ii) any court, tribunal or administrative hearing body, or (iii) any other similar dispute resolving panel or body (including any arbitrator or mediator).

"Hart-Scott-Rodino Act" means the Hart-Scott-Rodino Antitrust Improvements

Act of 1976, as amended.

"Indemnified Party" has the meaning set forth in Section 7(d)(1).

"Indemnifying Party" has the meaning set forth in Section 7(d)(1).

"Information" has the meaning set forth in Section 9(a).

"International" means Exeter International, Inc., a Delaware corporation.

"International Contract" means (i) the Completion Rig Services Contract No. 11920410, dated October 27, 1992, between CanadianOxy Offshore International Ltd. and Exeter, as amended or extended, and (ii) the Onshore Drilling Contract, dated June 29, 1995, between Benton Vinccler, C.A. and International, as amended or extended.

"Knowledge" means actual conscious awareness of factual information by an individual listed on Schedule A-2.

"Law" means any applicable constitution, statute, code, regulation, rule, injunction, judgment, order, decree, ruling or law of any applicable Governmental Authority.

"Liability" means any liability or other obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due).

"Lien" means any lien, charge, encumbrance, mortgage, conditional sale agreement, title retention agreement, financing lease, pledge or security interest of any kind or type and whether arising by Contract or under Law.

"Material Adverse Effect" means, with respect to any Person or Persons, any set of circumstances or events which is, or may reasonably be expected to have, a material adverse effect upon the business, assets, condition (financial or otherwise) or results of operations of such Person or Persons and its or their Consolidated Subsidiaries, taken as a whole.

"Nabors" means Nabors Industries, Inc., a Delaware corporation.

"Nabors Class B Stock" means the Class B Stock, par value $.10 per share, of Nabors.

"Nabors Common Stock" means the Common Stock, par value $.10 per share, of Nabors.

"Nabors Financial Statements" has the meaning set forth in Section 3(f).

"Nabors Preferred Stock" means the Preferred Stock, par value $.10 per share, of Nabors.

"Nabors Reports" has the meaning set forth in Section 3(f).

"OPC" means Occidental Petroleum Corporation, a Delaware corporation.

"Ordinary Course of Business" means, with respect to any Person, the ordinary course of business of such Person consistent with past custom and practice (including with respect to quantity and frequency).

"Owned" or "Owns" means, with respect to any of the Companies, those assets, Contracts and Permits owned, leased, licensed or otherwise held by such Company, but, with respect to assets, Contracts or Permits which shall be jointly owned by such Company and a Person or Persons other than such Company, then, in each case, only to the extent of the ownership interest of such Company set forth in the Contracts relating thereto, and, with respect to assets, Contracts or Permits which shall be licensed, leased or otherwise held by such Company, then, in each case, only to the extent of the interest so leased, licensed or otherwise held.

"Oxy" means Occidental Oil and Gas Corporation, a California corporation.

"Parent" means that corporation in the affiliated group of Oxy, which is the common parent corporation for the filing of a consolidated U.S. tax return for the affiliated group of companies, including Oxy and the Companies.

"Parties" means Nabors and Oxy.

"Permits" means any and all franchises, authorizations, licenses, permits, approvals and orders (i) under any (a) federal, state, local or foreign statute, ordinance or regulation, or (b) judgment of any court or other administrative or governmental tribunal, or (ii) granted by any federal, state, local or foreign administrative or governmental authority, bureau or agency.

"Person" means any individual, corporation, partnership, association, joint stock company, trust, joint venture, unincorporated organization, business or Governmental Authority, or other entity.

"Profit Sharing Plans" means (i) the Exeter Drilling Company Amended and Restated Profit Sharing Plan, and (ii) the J. W. Gibson Well Service Company Profit Sharing Plan.

"PUHCA" means the Public Utility Holding Company Act of 1940, as amended.

"Purchase Price" has the meaning set forth in Section 1(b).

"Real Property" means any real property (other than any Excluded Asset) Owned by any of the Companies immediately prior to the Closing.

"Real Property Title Defect" means, with respect to each parcel of real property Owned by any of the Companies at the Closing, any defect in the real estate title of such Company to such parcel such that the use by such Company of such parcel after the Closing shall be materially impaired from the use thereof by such Company at the Closing.

"Reference Rate" means the rate of interest announced from time to time by Bank of America National Trust and Savings Association, San Francisco, California, as its reference rate, plus 1% per annum.

"Salaried Employees" means all Employees who are paid on a basis other than an hourly basis.

"Sales Taxes" means all sales, use or similar taxes, including applicable interest and penalties.

"Securities Act" means the Securities Act of 1933, as amended.

"Severance Program" means the Special Temporary Severance Program for Certain Regular, Full-Time, Non-Union, Salaried Employees of Exeter Drilling Company and Subsidiaries, as in effect on the date of this Agreement.

"Special Matters" means (i) Liabilities for Taxes, (ii) Liabilities arising under Environmental, Health and Safety Laws, and (iii) Liabilities arising under Employee Benefit Plans, except, in each case, to the extent that such Liabilities are expressly assumed by Nabors pursuant to this Agreement.

"Statement of Consolidated Working Capital" has the meaning set forth in Section 1(h).

"Stock" has the meaning set forth in Section 2(d).

"Subsidiary" means, with respect to any Person, any corporation, association, partnership or other business entity, a majority (by number of votes) of the Voting Securities of which is at the time owned by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries.

"Survival Period" means (i) five years after the Closing Date with respect to any Special Matter which shall constitute (a) a Liability for Taxes, or (b) a Liability arising under Employee Benefit Plans, (ii) seven years after the Closing Date with respect to any Special Matter which shall constitute a Liability arising under Environmental, Health and Safety Laws, (iii) five years after the Closing Date with respect to the representations and warranties of Oxy set forth in Section 2(d), 2(j) or 2(k), (iv) five years after the Closing Date with respect to the representations and warranties of Nabors set forth in Section 3(d), 3(f) and 3(k), (v) five years after the Closing Date with respect to the covenants and agreements of Oxy and Nabors set forth in Section 5(e), (vi) five years after the Closing Date with respect to all other Liabilities referred to in clause (ii) or (iii) of Section 7(b), (vii) one year after the Closing Date with respect to all of the other representations, warranties, covenants and agreements of the Parties, and (viii) three years after the Closing with respect to any Continuing Obligation.

"Tax" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, environmental (including taxes under Code Sec. 59A), customs duties, capital stock, franchise, occupation, business, profits, withholding, social security (or similar), employment, unemployment, disability, real property, personal property, ad valorum, sales, use, transfer, registration, alternative or add-on minimum, estimated, or other tax, assessment, or governmental charge of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Termination Date" means June 30, 1996.

"Third Party Claim" has the meaning set forth in Section 7(d)(1).

"Transfer Taxes" means all real estate transfer taxes, excise, documentary and stamp taxes, and other similar impositions, including applicable interest and penalties.

"Vehicles" means all automobiles, trucks, rolling stock or other equipment Owned by any of the Companies pursuant to the Wheels Lease.

"Voting Securities" means stock or partnership interests of any class or classes (however designated), the holders of which are at the time entitled, as such holders, to vote for the election of a majority of the directors (or persons performing similar functions) of the corporation, association,

partnership or other business entity in question, other than stock or partnership interests having the right so to vote solely by reason of the happening of a contingency.

"Warrant" means the warrant, dated the Closing Date, of Nabors in the form set forth in Exhibit B to the Agreement.

"Warrant Exercise Price" means the Average Closing Price.

"Warrant Expiration Date" means the fourth anniversary of the Closing Date.

"Warrant Shares" means 1,000,000 shares of the Nabors Common Stock, as adjusted pursuant to the provisions of Section 1(e).

"Wheels Lease" means the Lease, dated July 15, 1983, between Wheels, Inc. and OPC.

AMENDMENT NO. 1 TO STOCK PURCHASE AGREEMENT

This Amendment No. 1 to Stock Purchase Agreement, dated as of April 23, 1996, is by and between Nabors Industries, Inc., a Delaware corporation, and Occidental Oil and Gas Corporation, a California corporation.

RECITALS

WHEREAS, Oxy (as such term and certain other terms used in this Amendment with initial capital letters are defined in Section 1) and Nabors have entered into the Stock Purchase Agreement providing, among other things, for sale by Oxy to Nabors, and the purchase by Nabors from Oxy, of the Stock; and

WHEREAS, Nabors and Oxy are entering into this Amendment, pursuant to the provisions of Section 4(p) of the Stock Purchase Agreement, in order to provide for, among other things, the delivery by Nabors to Oxy, at the option of Nabors and at the Closing, in lieu of the Warrant, of the Nabors Shares; and

WHEREAS, the Parties desire to set forth certain representations, warranties and covenants made by each to the other as an inducement to (i) the entering into by the Parties of this Amendment, and (ii) the consummation of the purchase by Nabors from Oxy, and the sale by Oxy to Nabors, of the Stock;

NOW, THEREFORE, in consideration of the premises and of the mutual promises herein set forth, the Parties agree as follows:

1. DEFINITIONS. The definitions set forth or incorporated by

reference in Exhibit A to the Stock Purchase Agreement, as amended by this Amendment, shall be applicable to this Amendment, including the recitals hereto, as fully and to the same extent as if set forth herein, except as otherwise expressly provided herein. As used in this Amendment, the following terms shall have the following meanings:

"Amendment" means this Amendment No. 1 to Stock Purchase Agreement, as the same may be amended pursuant to the provisions hereof.

"Nabors" means Nabors Industries, Inc., a Delaware corporation.

"Oxy" means Occidental Oil and Gas Corporation, a California corporation.

"Stock Purchase Agreement" means the Stock Purchase Agreement, dated as of March 8, 1996, between Nabors and Oxy.

2. AMENDMENTS TO THE STOCK PURCHASE AGREEMENT.

(a) SECTION 1(E). The first sentence of Section 1(e) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

> "(e) WARRANT OR NABORS SHARES. Nabors shall have the option to deliver to Oxy at the Closing, in lieu of the Warrant and as a part of the Consideration, a number of shares (rounded to the nearest whole share, with five-tenths of a share rounded upwards) of the Nabors Common Stock equal to the number obtained by dividing $4,000,000 by the Average Closing Price (the "Nabors Shares"). Such option may be exercised by Nabors by the delivery by Nabors to Oxy, not later than two Business Days prior to the Closing Date, of a notice to such effect specifying the number of the Nabors Shares to be so delivered. At the Closing, in the event that Nabors shall have exercised the Nabors Option, Nabors will issue the Nabors Shares to Oxy. At the Closing, unless Nabors shall have exercised the Nabors Option, Nabors will issue the Warrant, with the Warrant Exercise Price, the Warrant Expiration Date, and the Warrant Shares calculated or determined pursuant to the provisions of this Agreement duly inserted in the appropriate places thereon.".

(b) SECTION 1(G). The last two lines of Section 1(g) of the Stock Purchase Agreement are hereby amended in their entirety to read as follows:

> "powers, (iv), unless Nabors shall have exercised the Nabors Option, Nabors will deliver to Oxy the Warrant, duly executed by an authorized officer of Nabors, and (v), in the event that Nabors shall have exercised the Nabors Option, (A) Nabors will deliver to Oxy stock certificates representing the Nabors Shares, duly executed by authorized officers of Nabors and registered in the name of Oxy, and (B) Nabors will deliver to Oxy, and Oxy will deliver to Nabors, the Registration Rights Agreement, duly executed by an authorized officer

of each such Party and with the number of the Nabors Shares calculated pursuant to the provisions of this Amendment duly inserted in the appropriate place thereon.".

(c) SECTION 2(N). Section 2(n) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(n) INVESTMENT INTENT. Oxy understands and acknowledges that the Nabors Shares, the Warrant and the Nabors Common Stock into which the Warrant shall be exercisable have not been registered under the Securities Act or under the securities laws of any State. Oxy (a) has such business experience that it is capable of evaluating the merits and risks of its investment in (1) the Nabors Shares, or (2) the Warrant and such Common Stock, and (b) is acquiring the Nabors Shares or the

Warrant for its own account for the purpose of investment and not with a view to, or for sale or other disposition in connection with, any distribution thereof, except (a) in any offering covered by a registration statement under the Securities Act, or (b) pursuant to an applicable exemption under the Securities Act.".

(d) SECTION 2(P). Section 2(p) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(p) ACKNOWLEDGMENT CONCERNING NABORS REPRESENTATIONS AND WARRANTIES. Oxy acknowledges and affirms that it has had the opportunity to complete its own independent investigation, analysis and evaluation of Nabors and the business, assets, liabilities and prospects of Nabors, that Oxy has been afforded the opportunity to inspect the assets of Nabors, that, in making its decision to acquire the Warrant or the Nabors Shares, Oxy has relied upon (i) its own independent investigation, analysis and evaluation of the businesses, assets, liabilities and prospects of Nabors, (ii) the representations and warranties of Nabors set forth in Section 3, and in Section 4 of the Amendment, and (iii) the covenants of Nabors set forth in Sections 4 and 5, and in the Registration Rights Agreement, as a basis for such acquisition, and that Oxy has made all such reviews and inspections of the foregoing as it has deemed necessary or appropriate.".

(e) SECTION 2(Q). Clause (1) of Section 2(q) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(1) Except as and to the extent expressly set forth in

this Section 2 or in Section 3 of the Amendment, included on any Schedule hereto or thereto or included in any writing delivered by Oxy to Nabors concurrently herewith or therewith or subsequent hereto or thereto expressly pursuant to this Agreement or the Amendment, Oxy makes no other representation or warranty and disclaims all liability and responsibility for any representation, warranty, statement or information (financial or otherwise) made or communicated (orally or in writing) to Nabors or any of its Affiliates, employees, agents, consultants or representatives (including, without limitation, any opinion, information, projection, financial statement or advice that may have been provided to Nabors by any officer, director, employee, agent, consultant or representative of Oxy or of any Affiliate thereof).".

(f) SECTION 3(D). The last sentence of Section 3(d) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"Except (A) as contemplated by the Warrant or, in the event that Nabors shall have exercised the Nabors Option, the Registration Rights Agreement, or (B) as set forth on Schedule 3(d), there are no agreements or arrangements to which Nabors is a party pursuant to which Nabors is or could be required to register shares of the Nabors Common Stock under the Securities Act.".

(g) SECTION 3(J). Section 3(j) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(j) ABILITY TO PAY. Nabors has available sufficient funds to pay the Cash Portion of the Purchase Price, together with all costs and expenses relevant thereto, and otherwise to perform its obligations under this Agreement, the Amendment, the Warrant and the Registration Rights Agreement.".

(h) SECTION 3(M). Section 3(m) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(m) ACKNOWLEDGMENT CONCERNING OXY REPRESENTATIONS AND WARRANTIES. Nabors acknowledges and affirms that it has had the opportunity to complete its own independent investigation, analysis and evaluation of the Companies and the respective businesses, assets, liabilities and prospects of the Companies, that Nabors has been afforded the opportunity to inspect the assets of the Companies, that any prior financial information delivered by Oxy or any of its Affiliates to Nabors will be superseded by the Financial Statements,

that, in making its decision to enter into this Agreement and the Amendment and to consummate the transactions contemplated hereby, Nabors has not relied upon such financial information or the Financial Statements but upon (i) its own independent investigation, analysis and evaluation of the businesses, assets, liabilities and prospects of the Companies, (ii) the representations and warranties of Oxy set forth in Section 2, and in Section 3 of the Amendment, and (iii) the covenants of Oxy set forth in Sections 4 and 5, and in the Registration Rights Agreement, as a basis for entering into this Agreement and the Amendment and the consummation of such transactions, and that Nabors has made all such reviews and inspections of the foregoing as it has deemed necessary or appropriate.".

(i) SECTION 3(N). Clause (1) of Section 3(n) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(1) Except as and to the extent expressly set forth in this Section 3 or in Section 4 of the Amendment, included on any Schedule hereto or thereto or included in any writing delivered by Nabors to Oxy concurrently herewith or therewith or subsequent hereto or thereto expressly pursuant to this Agreement or the Amendment, Nabors makes no other representation or warranty and disclaims all liability and responsibility for any representation, warranty, statement or information (financial or otherwise) made or communicated (orally or in writing) to Oxy or any of its Affiliates, employees, agents, consultants or representatives (including, without limitation, any opinion, information, projection, financial statement or advice that may have been provided to Oxy by any officer, director, employee, agent, consultant or representative of Nabors or of any Affiliate thereof).".

(j) SECTION 4(B). The third sentence of Section 4(b) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"Each of the Parties will (and Oxy will cause each of the Companies to) give any notices to, make any filings with, and use all reasonable commercial efforts to obtain any authorizations, consents and approvals of Governmental Authorities in connection with the matters referred to in (i) Sections 2(b) and 3(b), and (ii) Sections 3(b) and 4(b) of the Amendment.".

(k) SECTION 4(C). Clause (g) of Section 4(c)(y) of the Stock Purchase Agreement is hereby amended by adding the words "to any Person (other than any of the Companies)" immediately after the word "assign" appearing in

such clause.

(l) SECTION 4(F). Section 4(f) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(f) NOTICE OF BREACH. Each Party will give prompt written notice to the other Party of any event, fact or condition which constitutes a material breach by the first Party of any of its representations, warranties or agreements set forth in this Agreement or the Amendment.".

(m) SECTION 4(N). Section 4(n) of the Stock Purchase Agreement is hereby amended by adding the following clause immediately after the word "transfer" appearing in the last line of such paragraph:

"; and, provided, further, that, in lieu of any such assignment or transfer of either of the Office Leases listed as item 1 or 3 on Schedule A-1, Oxy may cause such Office Lease to terminate no later than the Closing Date".

(n) SECTION 4(P). Section 4(p) of the Stock Purchase Agreement is hereby deleted in its entirety.

(o) SECTION 6(A).

(1) Clauses (1) through (3) of Section 6(a) of the Stock Purchase Agreement are hereby amended in their entirety to read as follows:

"(1) Oxy shall have furnished Nabors at the Closing with certified copies of resolutions duly adopted by the Board of Directors of Oxy, which resolutions shall authorize the execution, delivery and performance by Oxy of this Agreement and the Amendment;

(2) The representations and warranties of Oxy set forth in Section 2 (as amended by the Amendment), and in Section 3 of the Amendment, shall be true and correct in all material respects as of the Closing with the same effect as though such representations and warranties had been made as of the Closing (except (i) to the extent that such representations and warranties expressly relate to an earlier date, (ii) as contemplated by this Agreement or the Amendment, (iii) any such representation or warranty relating to the Warrant in the event that Nabors shall have exercised the Nabors Option, or (iv) any such representation or warranty relating to the Registration Rights Agreement and the Nabors Shares unless Nabors shall have

exercised the Nabors Option);

(3) Oxy shall have performed and complied with, in each case in all material respects, all of the covenants and agreements required of it by this Agreement and the Amendment as of the Closing;".

(2) Clause (6) of Section 6(a) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(6) Oxy shall have delivered to Nabors (i) stock certificates representing the Stock, endorsed in blank or accompanied by duly executed stock powers, and (ii), in the event that Nabors shall have exercised the Nabors Option, the Registration Rights Agreement referred to in clause (v) of Section 1(g);".

(3) Clause (10) of Section 6(a) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(10) Nabors shall have received from (i) Robert E. Sawyer, Esq., an Associate General Counsel of OPC and counsel to Oxy and its Affiliates in connection with this transaction, an opinion, dated the Closing Date, in form and substance as set forth in Schedule 6(a)(10)(i), which opinion shall (A), unless Nabors shall have exercised the Nabors Option, not contain the language appearing in brackets in such Schedule 6(a)(10)(i), and (B), in the event that Nabors shall have exercised the Nabors Option, contain such language (without such brackets), and (ii) Woodburn and Wedge, special Nevada counsel to Oxy in connection with this transaction, an opinion, dated the Closing Date, in form and substance as set forth in Schedule 6(a)(10)(ii); and".

(p) SECTION 6(B).

(1) Clauses (1) through (3) of Section 6(b) of the Stock Purchase Agreement are hereby amended in their entirety to read as follows:

"(1) Nabors shall have furnished Oxy at the Closing with certified copies of resolutions duly adopted by the Board of Directors of Nabors, which resolutions shall

authorize the execution, delivery and performance by Nabors of this Agreement and the Amendment;

"(2) The representations and warranties of Nabors set forth in Section 3 (as amended by the Amendment), and in Section 4 of the Amendment, shall be true and correct in all material respects as of the Closing with the same effect as though such representations and warranties had been made as of the Closing (except (i) to the extent that such representations and warranties expressly relate to an earlier date, (ii) as contemplated by this Agreement or the Amendment, (iii) any such representation or warranty relating to the Warrant in the event that Nabors shall have exercised the Nabors Option, or (iv) any such representation or warranty relating to the Registration Rights Agreement and the Nabors Shares unless Nabors shall have exercised the Nabors Option);

"(3) Nabors shall have performed and complied with, in each case in all material respects, all of the covenants and agreements required of it by this Agreement and the Amendment as of the Closing;".

(2) Clauses (5) and (6) of Section 6(b) of the Stock Purchase Agreement are hereby amended in their entirety to read as follows:

"(5) No action, suit or proceeding shall be pending before any court or quasi-judicial or administrative agency of any federal, state, local or foreign jurisdiction wherein an unfavorable injunction, judgment, order, decree, ruling or charge would (i) prevent consummation of any of the transactions contemplated by this Agreement, (ii) cause any of such transactions to be rescinded following consummation, or (iii) affect adversely the right of Oxy to own (A), unless Nabors shall have exercised the Nabors Option, the Warrant, or (B), in the event that Nabors shall have exercised the Nabors Option, the Nabors Shares (and no such injunction, judgment, order, decree, ruling or charge shall be in effect);

(6) Nabors shall have delivered to Oxy at the Closing (i) the Estimated Cash Portion of the Purchase Price, (ii), unless Nabors shall have exercised the Nabors Option, the Warrant duly executed by an authorized officer of Nabors, and (iii), in the event that Nabors shall have exercised the Nabors Option, the documents referred to in clause (v) of Section 1(g);".

(3) Clause (10) of Section 6(b) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(10) Oxy shall have received from Baker & McKenzie, counsel to Nabors, an opinion, dated the Closing Date, in form and substance as set forth in Schedule 6(b)(10), which opinion shall (i), unless Nabors shall have exercised the Nabors Option, not contain the language appearing in brackets in such Schedule 6(b)(10)

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(other than any references to the Warrants so appearing therein), and (ii), in the event that Nabors shall have exercised the Nabors Option, contain such language (without such brackets) (other than any such references to the Warrants); and".

(q) SECTION 6(C). Section 6(c) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(c) WAIVER OF BREACH. In the event of any breach by any Party of any of the representations, warranties, covenants or agreements of such Party contained in this Agreement or the Amendment (whether notice of such breach shall be set forth in any certificate furnished pursuant to the provisions of Section 6(a)(7) or 6(b)(8) or otherwise), the other Party may elect to consummate the purchase and sale of the Stock hereunder, and, upon any such election, (i) the Parties may enter into a mutually acceptable amendment to this Agreement addressing such breach and any other matters related thereto, or (ii) such other Party shall unilaterally waive such breach; provided, however, that in no event shall the Party responsible for such breach be required to enter into any such amendment unless such amendment provides that such breach shall be deemed unconditionally waived by such other Party for all purposes of this Agreement and the Amendment.".

(r) SECTION 7(A). Section 7(a) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(a) SURVIVAL OF REPRESENTATIONS AND WARRANTIES. Each of the representations and warranties of the Parties contained in Sections 2 and 3, and in Sections 3 and 4 of the Amendment (in each case as confirmed by the certificates delivered pursuant to the provisions of Sections 6(a)(7) and 6(b)(8)), and all of the covenants in Section 5(e), shall survive the Closing hereunder for the Survival Period, after which they shall terminate and be of no further force or effect, and each of the other covenants set forth in this Agreement and the Amendment shall survive the Closing hereunder.".

(s) SECTION 7(B). Clause (i) of Section 7(b) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(i) any breach or nonperformance, either partial or total, by Oxy of any representation, warranty, covenant or agreement of Oxy set forth in this Agreement or the Amendment, or in any certificate delivered by Oxy pursuant to the provisions of Section 6(a)(7);".

(t) SECTION 7(C). Clause (i) of Section 7(c) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(i) any breach or non-performance, either partial or total, by Nabors of any representation, warranty, covenant or agreement of Nabors set forth in this Agreement or the Amendment, or in any certificate delivered by Nabors pursuant to the provisions of Section 6(b)(8); and".

(u) SECTION 7(G). Section 7(g) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(g) SOLE REMEDY FOR BREACHES. Following the Closing, the foregoing indemnification provisions will be the sole remedy of the Parties for breaches of the representations, warranties, covenants or agreements contained herein or in the Amendment, and each Party hereby waives any other statutory, equitable or common law remedy which such Party would otherwise have for any such breach.".

(v) SECTION 8(A).

(1) Clause (i) of Section 8(a)(2) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(i) in the event that Oxy has breached any representation, warranty, covenant or agreement contained in this Agreement or the Amendment in any material respect, Nabors has notified Oxy of such breach, and such breach has continued without cure for a period of 30 days after such notice, or".

(2) Clause (i) of Section 8(a)(3) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(i) in the event that Nabors has breached any representation, warranty, covenant or agreement contained in this Agreement or the Amendment in any material respect, Oxy has notified Nabors of such breach, and such breach has continued without cure for a period of 30 days after such notice, or".

(w) SECTION 8(B). The proviso to Section 8(b) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"provided, however, that any termination pursuant to Section 8(a)(2) or 8(a)(3) shall not relieve any Party of any Liability to the other

Party for any willful or intentional breach of this Agreement or the Amendment occurring prior to such termination, and no such termination shall be deemed to be a waiver of any applicable remedy for any such breach.".

(x) SECTION 9(I). The eleventh line of Section 9(i) of the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

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"brought in an inconvenient forum, and (c) the right to object, with respect to any such claim,".

(y) REGISTRATION RIGHTS AGREEMENT. The Stock Purchase Agreement is hereby amended to add Attachment A attached hereto as Exhibit C to the Stock Purchase Agreement.

(z) EXHIBIT A TO THE STOCK PURCHASE AGREEMENT.

(1) The definition of "Agreement" appearing in Exhibit A to the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"'Agreement' means the Agreement to which this Exhibit is attached, as amended by the Amendment and as such Agreement may be further amended pursuant to the provisions thereof.".

(2) The following definition of "Amendment" is hereby added between the definition of "Agreement" and the definition of "Assets" appearing in Exhibit A to the Stock Purchase Agreement:

"'Amendment' means Amendment No. 1 to Stock Purchase Agreement, dated as of April 23, 1996, between Nabors and Oxy.".

(3) The definition of "Consideration" appearing in Exhibit A to the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"'Consideration' means the consideration for the Stock comprising the Cash Portion of the Purchase Price and (i), unless Nabors shall have exercised the Nabors Option, the Warrant, and (ii), in the event that Nabors shall have exercised the Nabors Option, the Nabors Shares.".

(4) The last two lines of the definition of "Excluded Assets" appearing in Exhibit A to the Stock Purchase Agreement are hereby amended in their entirety to read as follows:

"offices of Exeter in Denver, Colorado (other than 8 office furniture sets, a conference table and 15 conference room side chairs selected by Nabors).".

(5) The following definition of "Nabors Option" is hereby added between the definition of "Nabors Financial Statements" and the definition of "Nabors Preferred Stock" appearing in Exhibit A to the Stock Purchase Agreement:

"'Nabors Option' means the option of Nabors set forth in Section 1(e).".

(6) The following definition of "Nabors Shares" is hereby added between the definition of "Nabors Reports" and the definition of "OPC" appearing in Exhibit A to the Stock Purchase Agreement:

"'Nabors Shares' has the meaning set forth in Section 1(e).".

(7) The following definition of "Registration Rights Agreement" is hereby added between the definition of "Reference Rate" and the definition of "Salaried Employees" appearing in Exhibit A to the Stock Purchase Agreement:

"'Registration Rights Agreement' means the Registration Rights Agreement, dated the Closing Date, between Nabors and Oxy in the form set forth in Exhibit C to the Agreement.".

(8) The definition of "Survival Period" appearing in Exhibit A to the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"'Survival Period' means (i) five years after the Closing Date with respect to any Special Matter which shall constitute (a) a Liability for Taxes, or (b) a Liability arising under Employee Benefit Plans, (ii) seven years after the Closing Date with respect to any Special Matter which shall constitute a Liability arising under Environmental, Health and Safety Laws, (iii) five years after the Closing Date with respect to the representations and warranties of Oxy set forth in Section 2(d), 2(j) or 2(k), (iv) five years after the Closing Date with respect to the representations and warranties of Nabors set forth in (1) Section 3(d), 3(f) or 3(k), and (2) Section 4(c) of the Amendment, (v) five years after the Closing Date with respect to the covenants and agreements of Oxy and Nabors set forth in Section 5(e), (vi) five years after the Closing Date with respect to

all other Liabilities referred to in clause (ii) or (iii) of Section 7(b), (vii) one year after the Closing Date with respect to all of the other representations and warranties of the Parties set forth in this Agreement or the Amendment, and (viii) three years after the Closing with respect to any Liability that is a Continuing Obligation.".

(aa) EXHIBIT B TO THE STOCK PURCHASE AGREEMENT.

(1) Section 1.1 of Exhibit B to the Stock Purchase Agreement is hereby amended by capitalizing the initial letter of the words "person" and "person's" in each place that such words appear in such Section 1.1.

(2) Section 1.4 of Exhibit B to the Stock Purchase Agreement is hereby amended by capitalizing the initial letter of the word "person" appearing in the fifth line of such Section 1.4.

(3) Section 1.5 of Exhibit B to the Stock Purchase Agreement is hereby amended by capitalizing the initial letter of the word "persons" appearing in the eleventh line of such Section 1.5 and the word "person" appearing in the seventeenth line of such Section 1.5.

(4) Section 1.13 of Exhibit B to the Stock Purchase Agreement is hereby amended by capitalizing the initial letter of the word "person" in each place that it appears in such Section 1.13.

(5) Section 2.1(a) of Exhibit B to the Stock Purchase Agreement is hereby amended by:

(A) deleting the word "Holders" appearing in the second line of such Section 2.1(a) and adding the word "holders" in lieu thereof;

(B) deleting the words "from OXY" appearing in the sixth line of such Section and adding the words "by such holders" in lieu thereof;

(C) capitalizing the initial letter of the word "person" appearing in the eighth line of such Section 2.1(a);

(D) deleting the words "Section 1" appearing in the eighth line of such Section 2.1(a) and adding the words "Section 2.1" in lieu thereof;

(E) deleting the comma appearing after the words "Section 2.1(a)" in the penultimate sentence of such Section 2.1(a); and

(F) deleting the word "Shares" appearing in such penultimate

sentence and inserting the word "Securities" in lieu thereof.

(6) The first paragraph of Section 2.2 of Exhibit B to the Stock Purchase Agreement is hereby amended by:

(A) adding a comma between the words "that" and "without" appearing in the seventh line of such paragraph;

(B) capitalizing the initial letter of the word "persons" appearing in the tenth line of such paragraph; and

(C) capitalizing the initial letter of the word "person" appearing in the eleventh line of such paragraph.

(7) Section 2.2(b) of Exhibit B to the Stock Purchase Agreement is hereby amended by:

(A) adding the words ", subject to Section 2.1(b)," immediately after the word "Company" appearing in the second line of such Section 2.2(b); and

(B) deleting the word "Shares" appearing in the sixth line of such Section 2.2(b) and adding the word "Securities" in lieu thereof.

(8) Section 2.2 of Exhibit B to the Stock Purchase Agreement is hereby amended by adding the following clause (c) immediately after clause (b) of such Section 2.2:

> "(c) The procedures set forth in Section 2.3 (other than those set forth in Section 2.3(a), (b), (d) or (e)) shall apply to any registration that involves a Piggy-Back Shareholder pursuant to this Section 2.2.".

(9) Section 2.3 of Exhibit B to the Stock Purchase Agreement is hereby amended by deleting the word "Sections" appearing in the sixth line of such Section 2.3 and adding the word "Section" in lieu thereof.

(10) Section 2.3(b) of Exhibit B to the Stock Purchase Agreement is hereby amended by deleting the number "90" appearing in the last line of such Section 2.3(b) and adding the number "120" in lieu thereof.

(11) Section 2.3(c) of Exhibit B to the Stock Purchase Agreement is hereby amended by:

(A) deleting the words "and (3)" appearing in the penultimate line of such Section 2.3(c) and adding the words "(3) such number of copies of" in lieu thereof; and

(B) adding the words "(4) such number of copies of" immediately after the word "and" appearing in the last line of such Section 2.3(c).

(12) Section 2.3(d) of Exhibit B to the Stock Purchase Agreement is hereby amended by deleting the word "to" appearing in the third line of such Section 2.3(d);.

(13) The first line of Section 2.3(e) of Exhibit B to the Stock Purchase Agreement is hereby amended by adding the words "to each seller of the Registrable Securities and" immediately after the word "furnish" appearing in such line.

(14) Section 2.3(g) of Exhibit B to the Stock Purchase Agreement is hereby amended by:

(A) adding the words "and Rule 158" immediately after the words "Section 11(a)" appearing in such Section 2.3(g); and

(B) deleting the word "of" appearing after the word "Act" in the penultimate line of such Section 2.3(g) and adding the word "or" in lieu thereof.

(15) Section 2.3(h) of Exhibit B to the Stock Purchase Agreement is hereby amended by adding the word "and" at the end of such Section 2.3(h).

(16) Section 2.4(a) of Exhibit B to the Stock Purchase Agreement is hereby amended by deleting the words "Section 2" appearing in the ninth line of such Section and adding the words "Section 2.4(a)" in lieu thereof.

(17) Section 2.4(b) of Exhibit B to the Stock Purchase Agreement is hereby amended by deleting the word "Holder" appearing in the first line of such Section 2.4(b) and adding the words "Each holder of Registrable Securities" in lieu thereof.

(18) Section 2.5 of Exhibit B to the Stock Purchase Agreement is hereby amended by:

(A) deleting the word "Section" appearing in the second line of such Section 2.5 and adding the word "Article" in lieu thereof; and

(B) deleting the words "Registering Shareholder" appearing in the third line of such Section 2.5 and adding the words "to each seller of the Registrable Securities" in lieu thereof.

(19) Section 2.6 of Exhibit B to the Stock Purchase Agreement is hereby amended by deleting the words "Registering Shareholder" appearing in the last line of such Section 2.6 and adding the words "seller of the Registrable Securities" in lieu thereof.

(20) Section 2.7(a) of Exhibit B to the Stock Purchase Agreement is hereby amended by:

(A) deleting the words "Registering Shareholder" in each place that it appears in such Section 2.7(a) and adding the words "seller of the Registrable Securities" in lieu thereof;

(B) deleting the comma after the word "fees" appearing in the fifth line of such Section 2.7(a);

(C) adding the words "covering such Registrable Securities" immediately after the word "thereto)" appearing in the ninth line of such Section 2.7(a);

(D) deleting the words "arising out of or" appearing in the thirteenth line of such Section 2.7(a) and adding the words "arise out of or are" in lieu thereof; and

(E) deleting the word "Section" appearing in each of the sixteenth and twenty-first lines of such Section 2.7(a) and adding the word "Article" in lieu thereof.

(21) Section 2.7(b) of Exhibit B to the Stock Purchase Agreement is hereby amended by:

(A) deleting the words "Registering Shareholder" appearing in the first line of such Section 2.7(b) and adding the words "seller of the Registrable Securities, severally and not jointly," in lieu thereof;

(B) deleting the comma after the word "fees" appearing in the fourth line of such Section 2.7(b);

(C) deleting the word "the" before the word "registration" appearing in the seventh line of such Section 2.7(b) and adding the word "such" in lieu thereof;

(D) deleting the words "Registering Shareholder" appearing in the tenth line of such Section 2.7(b) and adding the words "seller of the Registrable Securities" in lieu thereof; and

(E) deleting the words "Registering Shareholder's" appearing in the eleventh line of such Section 2.7(b) and adding the words "seller's" in lieu thereof.

(22) Section 2.7(c) of Exhibit B to the Stock Purchase Agreement is hereby amended by:

(A) deleting the word "party" in each place that it appears in such Section 2.7(c) and adding the word "Person" in lieu thereof;

(B) deleting the word "party's" appearing in the third line of such Section 2.7(c) and adding the word "Person's" in lieu thereof;

(C) deleting the word "parties" in each place that it appears in such Section 2.7(c) and adding the word "Persons" in lieu thereof; and

(D) deleting the word "Section" appearing in the eleventh line of such Section 2.7(c) and adding the word "Article" in lieu thereof.

(23) Section 2.7(d) of Exhibit B to the Stock Purchase Agreement is hereby amended by:

(A) deleting the word "the Registering Shareholder" appearing in the second line of such Section 2.7(d) and adding the words "any seller of the Registrable Securities" in lieu thereof;

(B) deleting the word "party" in each place that it appears in such Section 2.7(d) and adding the word "Person" in lieu thereof;

(C) capitalizing the initial letter of the words "person" and "persons'" in each place that such words appear in such Section 2.7(d); and

(D) deleting the words "Section 2.8" appearing in the last line of such Section 2.7(d) and adding the words "Section 2.7" in lieu thereof.

(24) Section 2.7(e) of Exhibit B to the Stock Purchase Agreement is hereby amended by deleting the word "party" appearing in each of the first and second lines of such Section 2.7(e) and adding the word "Person" in lieu thereof.

(25) Section 2.9 of Exhibit B to the Stock Purchase Agreement is hereby amended by deleting the word "corporation" appearing in the third line of such Section 2.9 and adding the word "consolidation" in lieu thereof.

(26) Section 3.1 of Exhibit B to the Stock Purchase Agreement is hereby amended by:

(A) deleting the word "Section" appearing in each of the first and ninth lines of such Section 3.1 and adding the word "Article" in lieu thereof; and

(B) deleting the words "for Common Stock issued upon the exercise of this Warrant, and each certificate issued upon the transfer of any such Common Stock" appearing in the ninth and tenth lines of such Section 3.1 and adding the words "evidencing the Registrable Securities" in lieu thereof.

(27) Section 3.2 of Exhibit B to the Stock Purchase Agreement is hereby amended by deleting the word "Section" appearing in the first line of such Section 3.2 and adding the word "Article" in lieu thereof.

(28) Section 5 of Exhibit B to the Stock Purchase Agreement is hereby amended by adding the following at the end of the second sentence thereof:

> ", and all such shares of Common Stock will be listed on a national exchange and on each additional national securities exchange on which similar securities issued by the Company are then listed or the National Market System of the NASD, if the listing of such shares is then permitted under the rules of such exchange or the National Market System of the NASD.".

(29) Section 8 of Exhibit B to the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

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> "8. Notices. All notices and other communications hereunder shall be in writing and shall be sent by (i) personal delivery (including courier service), (ii) telecopier during normal business hours to the number indicated below, or (iii) first class or registered or certified mail, postage prepaid, and addressed as follows:
>
> If to Oxy at:

Occidental Oil and Gas Corporation
1200 Discovery Drive
Bakersfield, California 93309-7008
Attention: Executive Vice President and
Chief Financial Officer
Telecopier: (805) 322-7457

With a copy to:

Occidental Petroleum Corporation
10889 Wilshire Boulevard
Los Angeles, California 90024
Attention: Vice President - Operations
Telecopier: (310) 443-6331

If to Nabors at:

Nabors Industries, Inc.
515 West Greens Road, Suite 1200
Houston, Texas 77067
Attention: Anthony G. Petrello, President
Telecopier No.: (713) 872-5205

With a copy to:

Baker & McKenzie
805 Third Avenue
New York, New York 10022
Attention: Howard M. Berkower
Telecopier: (212) 759-9133.

Nabors or any Holder (or any holder of the registration rights set forth in Article 2) may change or add its address or telecopier number to which notices and other communications hereunder are to be delivered by giving Nabors or such Holder (or such holder), as the case may be, notice in the manner herein set forth. Each notice and other communication shall be effective (1) if given by telecopy, when the telecopy

is transmitted to the proper address and the receipt of the transmission is confirmed, (2) if given by mail, 72 hours after the notice or other communication is deposited in the mail properly addressed with first class postage prepaid, or (3) if given by any other means, when delivered to the proper address and a written

acknowledgment of delivery is received.".

(30) The first line of Section 9(a) of Exhibit B to the Stock Purchase Agreement is hereby amended by deleting the word "to" appearing after the word "failure" in such line and adding the word "or" in lieu thereof.

(31) Section 9(b) of Exhibit B to the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"(b) In view of the uniqueness of the Warrants and the registration rights set forth in Article 2, neither the Holder nor any holder of registration rights set forth in Article 2 would have an adequate remedy at law for money damages in the event that any of the obligations arising under the Warrants or such registration rights is not performed in accordance with its terms, and the Company therefore agrees that the Holder and any holder of registration rights set forth in Article 2 shall be entitled to specific enforcement of the terms of the Warrants and such registration rights in addition to any other remedy to which they may be entitled at law or in equity.".

(32) Section 10 of Exhibit B to the Stock Purchase Agreement is hereby amended by:

(A) deleting the words "a" and "the" appearing in the second line of such Section 10 and adding, in each case, the word "this" in lieu thereof;

(B) deleting the word "and" appearing after the word "Company" in the third line of such Section 10 and adding a comma in lieu thereof;

(C) adding the words "and any holder of registration rights set forth in Section 2" immediately after the word "Holder" appearing in the third line of such Section 10; and

(D) adding the words "and any such holder" immediately after the word "Holder" appearing in the fifth line of such Section 10.

(33) The definition of "Affiliate" appearing in Section 14 of Exhibit B to the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"Affiliate: Any Person that is an "affiliate" within the meaning of the regulations promulgated under the Securities Act, as such regulations and Act shall be amended and in effect on the date of this Warrant.".

(34) The definition of "Equity Securities" appearing in Section 14 of Exhibit B to the Stock Purchase Agreement is hereby amended in its entirety to read as follows:

"Equity Securities: of any Person means the capital or voting stock of such Person and all other securities convertible into, or exchangeable or exercisable for, any shares of such capital or voting stock, all rights to subscribe for or to purchase, all options and warrants for the purchase of, and all calls, commitments or claims of any character relating to, any shares of such capital or voting stock, all equity equivalents, interests in the ownership or earnings or other similar rights of, or with respect to, such Person, and any securities convertible into or exchangeable or exercisable for any of the foregoing.".

(35) The definition of "Registrable Securities" appearing in Section 14 of Exhibit B to the Stock Purchase Agreement is hereby amended by deleting the words "or when such securities may be resold pursuant to Rule 144 (as amended from time to time) without compliance with the volume and manner of sale restrictions set forth in such Rule," appearing in the sixth and seventh lines of such definition.

(36) The definition of "Registration Expenses" appearing in Section 14 of Exhibit B to the Stock Purchase Agreement is hereby deleted in its entirety.

(37) The following Section 15 is hereby added to Exhibit B to the Stock Purchase Agreement immediately after Section 14 thereof:

"15. Successors and Assigns. The terms of this Warrant shall be binding upon and inure to the benefit of (i) Nabors and its successors and assigns, and (ii) Holder and any holder of the registration rights set forth in Article 2, and their respective successors and assigns. NOTHING IN THIS WARRANT, EXPRESS OR IMPLIED, IS INTENDED TO CONFER UPON ANY PERSON, OTHER THAN NABORS, HOLDER AND ANY HOLDER OF THE REGISTRATION RIGHTS SET FORTH IN ARTICLE 2, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, ANY RIGHTS, REMEDIES OR OBLIGATIONS UNDER, OR BY REASON OF, THIS WARRANT.".

(bb) SCHEDULE 6(A)(10)(I). Schedule 6(a)(10)(i) of the Stock Purchase Agreement is hereby deleted in its entirety, and Schedule 6(a)(10)(i) attached hereto is hereby substituted in lieu thereof.

(cc) SCHEDULE 6(A)(10)(II). The second and third lines of the first paragraph appearing in Schedule 6(a)(10)(ii) of the Stock Purchase Agreement are hereby amended in their entirety to read as follows:

"California corporation (the "Seller"), in connection with the Stock Purchase Agreement, dated as of March 8, 1996, as amended by Amendment No. 1 to Stock

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Purchase Agreement, dated as of April 23, 1996 (the "Purchase Agreement"), by and between the Seller and Nabors".

(dd) SCHEDULE 6(B)(10). Schedule 6(b)(10) of the Stock Purchase Agreement is hereby deleted in its entirety, and Schedule 6(b)(10) attached hereto is hereby substituted in lieu thereof.

3. REPRESENTATIONS AND WARRANTIES OF OXY.

Oxy represents and warrants to Nabors that:

(a) AUTHORIZATION OF TRANSACTION BY OXY. Oxy has all requisite corporate power and authority to execute and to deliver this Amendment and the Registration Rights Agreement, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated by the Registration Rights Agreement and the Stock Purchase Agreement, as amended hereby. The execution and delivery by Oxy of this Amendment and the Registration Rights Agreement and the consummation by Oxy of the transactions contemplated by the Registration Rights Agreement and the Stock Purchase Agreement, as amended hereby, have been duly authorized by all necessary corporate action on the part of Oxy. This Amendment has been duly executed and delivered by Oxy and constitutes the legally valid and binding obligation of Oxy, enforceable against Oxy in accordance with its terms, except as enforceability is limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and equitable principles (whether applied in a court of law or equity). The Registration Rights Agreement, when executed and delivered by Oxy, will constitute the legally valid and binding obligation of Oxy, enforceable against Oxy in accordance with its terms, except as enforceability is limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and equitable principles (whether applied in a court of law or equity). Oxy is not obligated to give any notice to, to make any filing or registration with, or to obtain any authorization, consent, approval or order of, any Governmental Authority in order to consummate the transactions contemplated by the Registration Rights Agreement or the Stock Purchase Agreement, as amended hereby, other than (i) compliance with the applicable requirements of the Hart-Scott-Rodino Act, (ii) as set forth on Schedule 3(a), (iii) filings with Governmental Authorities in the Ordinary Course of Business of Oxy or the Companies that are not required to be made prior to the consummation of the transactions contemplated by the Stock Purchase Agreement, as amended hereby, or (iv) such authorizations, consents, approvals or orders that, if not obtained, and such notices, filings or registrations that, if not made, would not, individually or in the aggregate, have (A) a Material Adverse

Effect with respect to the Companies, or (B) any adverse effect on the ability of Oxy to perform this Amendment, the Registration Rights Agreement or the Stock Purchase Agreement, as amended hereby.

(b) LEGAL COMPLIANCE; NONCONTRAVENTION. No action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand or notice seeking to restrain, prohibit or

obtain damages or other relief in connection with this Amendment or the transactions contemplated by the Stock Purchase Agreement, as amended hereby, has been filed or commenced against the Companies, and, to the Knowledge of Oxy, no such action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand or notice has been threatened to be so filed or so commenced. The execution and delivery of this Amendment and the Registration Rights Agreement by Oxy does not, and the performance of this Amendment and the Registration Rights Agreement by Oxy will not, (i) conflict with, or violate, the articles of incorporation or bylaws of Oxy, (ii) conflict with, or violate, any Law in effect as of the date of this Amendment and applicable to Oxy or by which any of the properties of Oxy are bound or affected, or (iii) result in any breach of, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to any Person (other than Oxy or the Companies) any right of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of any Lien on any of the Assets of any of the Companies pursuant to, any International Contract to which any of the Companies is a party, except, in the case of clauses (ii) and (iii) above, for such conflicts, violations, breaches, defaults, events, rights of termination, amendment, acceleration or cancellation, payment obligations or Liens that would not, individually or in the aggregate, have a Material Adverse Effect with respect to the Companies.

4. REPRESENTATIONS AND WARRANTIES OF NABORS. Nabors represents and warrants to Oxy that:

(a) AUTHORIZATION OF TRANSACTION BY NABORS. Nabors has all requisite corporate power and authority to execute and to deliver this Amendment and the Registration Rights Agreement, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated by the Registration Rights Agreement and the Stock Purchase Agreement, as amended hereby. The execution and delivery by Nabors of this Amendment and the Registration Rights Agreement and the consummation by Nabors of the transactions contemplated by the Registration Rights Agreement and the Stock Purchase Agreement, as amended hereby, have been duly authorized by all necessary corporate action on the part of Nabors. This Amendment has been duly executed and delivered by Nabors and constitutes the legally valid and binding

obligation of Nabors, enforceable against Nabors in accordance with its terms, except as enforceability is limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and equitable principles (whether applied in a court of law or equity). The Registration Rights Agreement, when executed and delivered by Nabors, will constitute the legally valid and binding obligation of Nabors, enforceable against Nabors in accordance with its terms, except as enforceability is limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and equitable principles (whether applied in a court of law or equity). Nabors is not obligated to give any notice to, to make any filing or registration with, or to obtain any authorization, consent, approval or order of, any Governmental Authority or any other Person in connection with the execution, delivery or performance by Nabors of this Amendment or the Registration Rights Agreement or the consummation by Nabors of the transactions contemplated by the Registration Rights Agreement or the Stock

Purchase Agreement, as amended hereby, other than (i) compliance with the applicable requirements of the Hart-Scott- Rodino Act, (ii) as set forth on Schedule 4(a), (iii) filings with federal or state securities commissions in connection with the transactions contemplated by the Registration Rights Agreement, (iv) filings with Governmental Authorities in the Ordinary Course of Business of Nabors that are not required to be made prior to the consummation of the transactions contemplated by the Stock Purchase Agreement, as amended hereby, and (v) such authorizations, consents, approvals or orders that, if not obtained, and such notices, filings or registrations that, if not made, would not, individually or in the aggregate, have (A) a Material Adverse Effect with respect to Nabors, or (B) any adverse effect on the ability of Nabors to perform this Amendment, the Registration Rights Agreement or the Stock Purchase Agreement, as amended hereby.

(b) LEGAL COMPLIANCE; NONCONTRAVENTION. No action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand or notice seeking to restrain, prohibit or obtain damages or other relief in connection with this Amendment or the transactions contemplated by the Stock Purchase Agreement, as amended hereby, has been filed or commenced against Nabors, and, to the knowledge of Nabors, no such action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand or notice has been threatened to be so filed or so commenced. The execution and delivery of this Amendment and the Registration Rights Agreement by Nabors does not, and the performance of this Amendment and the Registration Rights Agreement by Nabors will not, (i) conflict with, or violate, the certificate of incorporation or bylaws of Nabors, (ii) conflict with, or violate, any Law in effect as of the date of

this Agreement and applicable to Nabors or by which any of the properties of Nabors are bound or affected, or (iii) result in any breach of, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to any Person (other than Nabors) any right of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of any Lien on any of the properties or assets of Nabors pursuant to, any note, bond, mortgage, indenture, Contract, lease, license, Permit, franchise or other instrument or obligation to which Nabors is a party or by which any of the properties of Nabors are bound or affected, except, in the case of clauses (ii) and (iii) above, for such breaches, defaults, events, rights of termination, amendment, acceleration or cancellation, payment obligations or Liens that would not, individually or in the aggregate, have a Material Adverse Effect with respect to Nabors.

(c) NABORS SHARES; REGISTRATION RIGHTS AGREEMENT. As of the Closing and in the event that Nabors shall have exercised the Nabors Option, the Nabors Shares will have been duly authorized for issuance pursuant to the provisions of the Stock Purchase Agreement, as amended by this Amendment, and, when issued and delivered by Nabors in accordance with such provisions, will be duly authorized, validly issued, fully paid and nonassessable. The Nabors Shares are listed on the American Stock Exchange and on each additional national securities exchange upon which similar securities issued by Nabors are now listed. The Registration Rights Agreement, when executed and delivered by Nabors, will not be subject to, nor executed in violation of, any preemptive rights.

5. MISCELLANEOUS.

(a) THIS AMENDMENT PART OF THE STOCK PURCHASE AGREEMENT. This Amendment amends the Stock Purchase Agreement pursuant to the provisions of Sections 4(p) and 9(j) thereof. The terms and provisions of this Amendment shall be a part of the terms and provisions of the Stock Purchase Agreement for any and all purposes, and all of the terms and provisions of both shall be read together as though they constitute one instrument. All references in the Stock Purchase Agreement to "this Agreement" shall mean the Stock Purchase Agreement, as amended by this Amendment.

(b) CONFIRMATION OF STOCK PURCHASE AGREEMENT. Except as the Stock Purchase Agreement and the terms and provisions thereof have been amended by this Amendment, the Stock Purchase Agreement is in all respects ratified and confirmed, and each and every term of the Stock Purchase Agreement shall remain in full force and effect.

(c) NO THIRD-PARTY BENEFICIARIES. NOTHING CONTAINED IN THIS

AMENDMENT, EXPRESS OR IMPLIED, IS INTENDED TO CONFER UPON ANY PERSON, OTHER THAN THE PARTIES AND THEIR RESPECTIVE SUCCESSORS AND PERMITTED ASSIGNS, ANY RIGHTS, REMEDIES OR OBLIGATIONS UNDER, OR BY REASON OF, THIS AMENDMENT.

(d) ENTIRE AGREEMENT. This Amendment and the Stock Purchase Agreement (including the documents referred to herein and therein) constitute the entire agreement between the Parties and supersedes all prior understandings and agreements with respect to the subject matter hereof or thereof.

(e) ASSIGNMENT. This Amendment shall be binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns, but neither this Amendment nor any of the rights, interests or obligations hereunder shall be assigned, by operation of law or otherwise, by any Party without the prior written consent of the other Party; provided, however, that Nabors may assign this Amendment or its rights hereunder to any wholly owned subsidiary of Nabors to which Nabors shall have assigned, in accordance with the provisions of Section 9(e) of the Stock Purchase Agreement, the Stock Purchase Agreement or its rights thereunder, provided that (i), prior to any such assignment, the Person to which such assignment shall be made shall expressly assume by an instrument in writing, executed and delivered to Oxy, the performance and observance of every obligation, covenant and agreement in this Amendment on the part of Nabors to be performed or observed, and (ii) no such assignment shall have the effect of releasing Nabors or any other Person (including, without limitation, any additional party) from its obligations, covenants or agreements under this Amendment.

(f) COUNTERPARTS. This Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) NOTICES. All notices and other communications hereunder to a Party shall be in writing and shall be sent by as set forth in Section 9(g) of the Stock Purchase Agreement.

(h) GOVERNING LAW. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to principles of conflicts of law.

(i) SERVICE OF PROCESS, CONSENT TO JURISDICTION, ETC. Each Party hereby irrevocably agrees that any legal action or proceeding against it arising out of this Amendment may be brought in the courts of the State of New York, or of the United States of America for the Southern District of New York, and does hereby irrevocably (i) agree to designate, appoint and empower, prior

to the Closing Date, an agent to receive for and on behalf of it service of process in the State of New York, and (ii) consent to service of process outside the territorial jurisdiction of such courts in the manner permitted by law. In addition, each Party irrevocably waives (a) any objection which such Party may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of, or relating to, this Amendment brought in any such court, (b) any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum, and (iii) the right to object, with respect to any such claim, suit, action or proceeding brought in any such court, that such court does not have jurisdiction over such Party or any other Party. In addition, any such legal action or proceeding may be brought in any court having jurisdiction pursuant to applicable law.

(j) AMENDMENTS AND WAIVERS. No amendment of any provision of this Amendment shall be valid unless the same shall be in writing and signed by each Party hereto. No waiver by either Party of any default, misrepresentation, breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(k) HEADINGS. The descriptive headings of the several Sections of this Amendment are inserted for convenience only and do not constitute a part of this Amendment.

(l) SEVERABILITY. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(m) EXPENSES. Except as otherwise provided herein, each of the Parties will bear all of its own costs and expenses (including, without limitation, legal and accounting fees and expenses) incurred in connection with this Amendment and the transactions contemplated hereby.

(n) CONSTRUCTION. The Parties have participated jointly in the negotiation and drafting of this Amendment. In the event any ambiguity or question of intent or interpretation arises, this Amendment shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any of the provisions of this Amendment. Personal pronouns, when used in this Amendment, whether in the masculine, feminine or neuter gender, shall include all other genders, and the singular shall include the plural, and vice versa.

All references in this Amendment or in any Schedule attached hereto to (i) Sections or subsections shall refer to the corresponding Section or subsection of this Amendment, unless specific reference is made to a Section or subsection of another document or instrument, and (ii) a Schedule or an Attachment shall refer to the corresponding Schedule or Attachment to this Amendment, unless a specific reference is made to a Schedule or an Attachment to another document or instrument. Any reference in this Amendment to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

(o) INCORPORATION OF ATTACHMENT A AND SCHEDULES. Attachment A attached to, and the Schedules identified in, this Amendment are incorporated herein by reference and made a part hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

NABORS INDUSTRIES, INC.

By: RICHARD A. STRATTON

Name: Richard A. Stratton
Title: Vice Chairman

OCCIDENTAL OIL AND GAS CORPORATION

By: JOHN W. ALDEN

Name: John W. Alden
Title: Vice President and Secretary

EXHIBIT 10.15

SHARE PURCHASE AGREEMENT

Agreement entered into as of this 18th day of October 1996, by and between (1) Abbot Group plc a public company formed and existing under the laws of England with registered number 623285 ("Abbot"), (2) Nabors Industries, Inc a company formed and existing under the laws of the State of Delaware, USA (the "Seller") and (3) KCA Drilling Group Limited, a company formed and existing under the laws of England with registered number 1059871 ("the Buyer"). Abbot, the Seller and the Buyer are referred to collectively herein as the "Parties".

The Seller owns all of the issued shares of Nabors Europe, Ltd., a company formed and existing under the laws of England with registered number 1189464 (the "Company").

This Agreement contemplates a transaction in which the Buyer will purchase from the Seller, and the Seller will sell to the Buyer, all of the issued shares of the Company in return for cash and the issue of warrants to subscribe for shares in Abbot upon and subject to the terms of this Agreement.

Now, therefore, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows.

1. DEFINITIONS

1.1 In this Agreement the following words and expressions shall unless the context otherwise expressly requires have the meanings set out opposite them:-

"Abbot"	has the meaning set forth in the preface above.

"Abbot Circular"	the circular to be issued to the shareholders of Abbot on the date of this Agreement in the approved terms.
"the Abbot Group"	means Abbot and all its subsidiaries and subsidiary undertakings from time to time.
"Accounts Date"	means 30 September 1995.
"Act"	means the Companies Act 1985.
"Affiliate"	means in relation to any body corporate, any subsidiary of such body corporate, any holding company of such body corporate and

any subsidiary of any such holding company as such terms are defined in the Act.

"Ancillary Documents" means the documents to be executed pursuant to or in connection with this Agreement.

"Applicable Rate" means the National Westminster Bank plc base rate from time to time.

"Britannia Bonus" means any of the following sums which may become payable by the Independent Operator to NDESL or any Relevant Party pursuant to certain provisions of the Britannia Contract, namely:

(i) pursuant to Form 12 (Drilling Facilities Capex Target and Profit) of Exhibit 4C to the Britannia Contract ("the Drilling Facilities Profit"); and

(ii) pursuant to Form 12(a) of Exhibit 4C to the Britannia Contract ("the Topsides Alliance Incentive").

"Britannia Bonus Account Payment" means the monthly sum of Pound Sterling 6338 payable by the Independent Operator to NDESL or any Relevant Party pursuant to paragraph 1.0 of Form 12 (Drilling Facilities Capex Target & Profit) of Exhibit 4C to the Britannia Contract.

"Britannia Contract" means contract BRT1-XA1 for detail design of drilling facilities and drilling operations and maintenance for the Britannia platform between NDESL and Chevron U.K. Limited dated 1st November 1994.

"Buyer" means KCA Drilling Group Limited a company formed and existing under the laws of England with registered number 1059871.

"Business Day" means any day other than a Saturday or a Sunday on which clearing

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	banks in the City of London are open for business.
"Cash Portion of the Purchase Price"	means the aggregate of (i) L.20,000,000 (ii) US$2,270,000, (iii) Pound Sterling 294,815 and (iv) the amount in Sterling equal to the Consolidated Working Capital to be calculated as provided in Section 2.6 and (v) an amount in the currency in which it was paid equal to the Permitted Expenditure.
"Closing"	has the meaning set forth in Section 2.3 below.
"Closing Date"	has the meaning set forth in Section 2.3 below.
"Company"	has the meaning set forth in the preface above further details of which are set out in Part I of Schedule 1.
"Company Shares"	means all of the issued shares of the Company and "Company Share" means any one of them.
"Conditions"	means the conditions set out in Section 7.
"Confidential Information"	means any information concerning the businesses and affairs of the Target Group that is not already generally available to the public otherwise than as the result of a breach of an obligation of

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	confidentiality owed to the Target Group, including, without limitation, information concerning: the operation of any process; trade secrets; the manufacture, design or

	development of any products; the marketing of any products or services (including customer lists, financial information, sales statistics, survey reports and market share data); the selection and purchase of any component part or equipment existing in whatever form including but not limited to engineering and chemical data specifications, formulae, drawings, manuals, component lists, instructions, designs and circuit diagrams.
"Consolidated Working Capital"	means the adjusted current net assets of the Target Group as at the Closing Date determined in accordance with the accounting principles and practices described in Schedule 2, plus an amount equal to the Redundancy Adjustment.
"Consolidated Working Capital Statement"	means the statement of Consolidated Working Capital to be prepared pursuant to Section 2.6 and in accordance with the accounting principles and practices described in Schedule 2.

"Contracts"	means those contracts to which the Company or any of the Subsidiaries is a party which are listed in (and as amended by the amendments referred to in) Schedule 3.
"Disclosure Letter"	means the disclosure letter delivered by the Seller to the Buyer on the date hereof in the approved terms.
"Drill Pipe"	means the drill pipe details of which are attached as Schedule 10, Part 1.
"Encumbrance"	means any encumbrance or security interest of any kind whatsoever including (without limitation) any mortgage, pledge, lien, charge, hypothecation, right to acquire, right of pre-emption, option, conversion right, third party right or interest, right of set off or counterclaim, trust

arrangement or retention of title agreement or similar arrangement.

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"Estimated Cash Portion of the Purchase Price"	means the aggregate of (i) Pound Sterling 20,000,000, (ii) US $2,270,000, (iii) Pound Sterling 294,815 and (iv) the amount in Sterling equal to the estimated amount of the Consolidated Working Capital to be calculated as provided in Sections 2.2.2 and 2.6 and (v) an amount in the currency in which it was paid equal to the amount of any Permitted Expenditure.
"Estimated Bonus"	means the amount which the Seller estimates as at the date of this Agreement will be payable by way of bonus pursuant to the Britannia Contract being Pound Sterling 985,566 by way of Drilling Facilities Profit and Pound Sterling 601,537 by way of Topsides Alliance Incentive.
"Excluded Assets"	means (i) all of the residential property owned by the Company or its Subsidiaries, and (ii) all of the right, title and interest of the Company and its Subsidiaries to the assets owned or leased by the branch of NDESL operating in the United States, (iii) those tenders and bids and (iv) the 99,900 shares of Pound Sterling 1 each in Paloak Limited all as identified in Schedule 5 together with all liabilities of the Company and its Subsidiaries associated with items (i) to (v).

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"Financial Statements"	means the audited balance sheets of the Company and each Subsidiary and the audited consolidated balance sheets of the Target Group as at, and the audited profit and loss

	accounts and cash flow statement of the Company and each Subsidiary and the audited consolidated profit and loss accounts of the Target Group for the financial periods ended on, 30 September 1994 and the Accounts Date together with the notes and directors' report and auditors' report and all other documents or statements annexed thereto or incorporated therein.
"GAAP"	means United Kingdom generally accepted accounting principles as in effect from time to time.
"ICTA"	means the Income and Corporation Taxes Act 1988.
"Independent Operator"	means Chevron U.K. Limited of 2 Portman Street, London W1H OAH or any assignee or successor thereto as party to the Britannia Contract.
"Instrumentation"	means the instrumentation details of which are attached as Schedule 10, Part 2.

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"Intellectual Property"	means all the intellectual property in any part of the world used, or required to be used by the Company or any Subsidiary in, or in connection with, its business including but not limited to trade marks, service marks, patents, utility models, registered design rights, applications for any of the foregoing, unregistered trade marks and service marks, trade and business names including rights in any get-up or trade dress, copyright (including rights in computer software), unregistered design rights and inventions.
"Knowledge"	means the actual knowledge of Mr R. Stratton, Mr L. Heidt, Mr E. Nelson, Mr G. Allan, Mr J. Bruce and Mr E. McLeod and any other matters of which they ought reasonably in the due performance of their respective

	duties in relation to the Target Group to be aware.
"Liability for Taxation"	has the meaning set forth in the Tax Covenant.
"Licence"	means a licence, permit, certificate, consent, approval, registration or authorisation.
"London Stock Exchange"	means the London Stock Exchange Limited.

"Most Recent Financial Statements"	means the unaudited balance sheet of the Company and each Subsidiary and the unaudited consolidated balance sheet of the Target Group as at, and the unaudited profit and loss account of the Company and each Subsidiary and the unaudited consolidated profit and loss account of the Target Group for, the financial period ended on the Most Recent Month End.
"Most Recent Month End"	means 31 August 1996.
"NDESL"	means Nabors Drilling and Energy Services UK Limited registered in Scotland with company number 125584 further details of which are set out in Part 2 of Schedule 1.
"Notional Tax Rate"	the statutory rate of corporation tax applicable to the tax period in which the Britannia Bonus or any part of it is included in taxable income of NDESL or any Relevant Party.
"Ordinary Course of Business"	means the ordinary course of business consistent with past custom and practice.

"Parties"	has the meaning set forth in the preface above and "Party" shall mean either one of them.
"Permitted Expenditure"	means any capital expenditure made in accordance with the terms of Section 5.1.
"Person"	includes an individual, a partnership, body corporate, a trust, a joint venture, an unincorporated association or a governmental entity (or any department, agency, or political subdivision thereof) and includes a reference to that person's legal personal representatives and successors.
"Properties"	means the properties details of which are set out in Schedule 6 and references to a "Property" include a reference to each of the individual Properties.
"Purchase Price"	has the meaning set forth in Section 2.2 below.
"Redundancy Adjustment"	means a cash sum up to a maximum of Pound Sterling 150,000 equal to the aggregate amount paid by the Company or any of the Subsidiaries in the period from 24 May 1996 until the date of this Agreement in connection with the termination of employment of the individuals listed in Part 2 of Schedule 4 by reason of

	redundancy (including any legal costs and expenses associated with any claims made in connection with such termination of employment).
"Registered Intellectual Property"	means any trade marks, service marks or patents which have been registered at a public registry.
"Relevant Party"	means any person to whom any of NDESL's rights and/or obligations under Britannia

	Contract are assigned or any successor of NDESL as party thereto.
"Relevant Services"	means the services referred to in Section 11.1.1(ii).
"Resolutions"	means the shareholders' resolutions in the approved terms set out in the notice of extraordinary meeting attached to the Abbot Circular.
"Retained Group"	means the Seller and any subsidiary or subsidiary undertaking of the Seller from time to time other than any member of the Target Group.
"RTPA"	means the Restrictive Trade Practices Act 1976 and 1977.
"Seller"	has the meaning set forth in the preface above.

"Subsidiary"	means either of NDESL and TWSL and "Subsidiaries" means both of them.
"subsidiary and subsidiary undertaking"	have the meanings given to them respectively by sections 736 and 258 of the Act.
"Target Group"	means the Company and each of the Subsidiaries.
"Taxation"	has the meaning given in the Tax Covenant.
"Taxation Authority"	has the meaning given in the Tax Covenant.
"Tax Covenant"	means the tax covenant contained in Schedule 7.
"Tax Refund"	means any tax refund (including any interest or repayment supplement thereon) to the extent that such refund relates to the period before the Closing Date and for the avoidance of doubt including any tax refund received in connection with the litigation

referred to in Section 6.2.

"TCGA"	means the Taxation of Chargeable Gains Act 1992.

"TWSL"	means Thistle Well Services Limited registered in Scotland with company number 139344 further details of which are set out in Part 3 of Schedule 1.
"VAT"	means, in the United Kingdom, value added tax.
"VATA"	means the Value Added Tax Act 1994.
"Warrant"	means the warrant to be issued by Abbot to the Seller as of the Closing Date in the approved terms.
"Warranties"	means the representations, warranties and undertakings contained in Sections 3.1 and 4 and references to a "Warranty" shall be construed accordingly.

1.2 A document expressed to be "in the approved terms" shall mean any document which has been signed or initialled for the purposes of identification by or on behalf of the Seller and the Buyer.

1.3 In this Agreement, unless the context otherwise requires, reference to:

1.3.1 a Section or Schedule is a reference to a Section of or Schedule to this Agreement;

1.3.2 a statutory provision includes a reference to that provision as modified, replaced, amended and/or re-enacted from time to time (whether before or after the date of this Agreement) and any prior or subsequent subordinate legislation made under it;

1.3.3 "holding company" and "body corporate" have the respective meanings attributed to them in sections 736 and 740 of the Act;

1.3.4 a "company" has the meaning set out in section 735 of the Act; and

1.3.5 a "connected person" is a reference to a person connected with another within the meaning of section 839 of ICTA.

1.4 The Schedules form part of this Agreement and shall be interpreted or construed as though they were set out in this Agreement.

1.5 The headings to the Sections, Schedules and paragraphs of the Schedules are for convenience only and shall not affect the interpretation of this Agreement.

2. PURCHASE AND SALE OF COMPANY SHARES.

2.1 BASIC TRANSACTION. The Seller agrees to sell to the Buyer and the Buyer agrees to purchase the Company Shares free from any Encumbrances with full title guarantee (provided however that for the purposes of interpreting the words "full title guarantee" the provisions of sections 6(1) and 6(2) of the Law of Property (Miscellaneous Provisions) Act 1994 ("LPA") shall be deemed not to apply and, other than with regard to subsequent transfers of the Company Shares by the Buyer or an Affiliate of the Buyer to another Affiliate of the Buyer, the provisions of section 7 of the LPA shall also be deemed not to apply.

2.2 PURCHASE PRICE. In consideration of the transfer to the Buyer of the Company Shares, (a) the Buyer agrees to pay to the Seller (i) twenty million pounds sterling (Pound Sterling 20,000,000), (ii) two million two hundred and seventy thousand U.S. Dollars (US$2,270,000), (iii) Pound Sterling 294,815 and (iv) the amount in Sterling equal to the Consolidated Working Capital as of the

Closing Date and (v) an amount in the currency in which it was paid equal to the amount of any Permitted Expenditure and (b) Abbot agrees at the Closing Date to issue to the Seller the Warrant (together the "Purchase Price"). The Purchase Price shall be satisfied as follows:

2.2.1 At Closing, the Buyer shall pay to the Seller the Estimated Cash Portion of the Purchase Price by telegraphic transfer of the Sterling component and the US Dollar component of the Estimated

Cash Portion of the Purchase Price in immediately available funds into the following account of the Seller: account name Hong Kong Bank NY Foreign Exchange; account number 35206696; at Midland Bank plc, Swift code MIDL GB22, sort code 40-53-88;

2.2.2 At least ten calendar days prior to Closing, the Seller shall prepare and deliver to the Buyer a statement setting forth (i) an estimate of the amount of the Consolidated Working Capital and the amount of any Permitted Expenditure, and (ii) a calculation of the Estimated Cash Portion of the Purchase Price based upon such estimate. In the event that the Buyer does not agree with the Seller's computation, the Buyer shall promptly notify the Seller of the same, the Seller shall promptly provide such additional information as the Buyer shall reasonably request to support such computation, and the Parties shall negotiate in good faith and attempt to agree, at least three Business Days prior to the Closing Date, upon an acceptable estimate of such amounts. Failing any such mutual agreement, the Estimated Cash Portion of the Purchase Price delivered at Closing shall be Pound Sterling 23,295,000 plus US$2,270,000.

2.2.3 At Closing, Abbot will issue the Warrant. Abbot undertakes that there shall be no issuance of any equity securities, subdivisions, consolidations, exchange of shares, rights issues,

reductions of capital or the like of the issued share capital of Abbot after the date of this Agreement and on or before the Closing Date save for the placing and open offer described in the Abbot Circular.

2.2.4 All stamp duty payable on the purchase of the Company Shares shall be borne by the Buyer.

2.3 THE CLOSING. The closing of the transactions contemplated by this Agreement ("CLOSING") shall take place at the offices of Pinsent Curtis, 69 Old Broad Street, London EC2, England 3 Business Days after the Conditions have been satisfied or waived (in accordance with Section 7) or such other date as the Parties may mutually determine (the "CLOSING DATE").

2.4 DELIVERIES AT THE CLOSING. At Closing:

2.4.1 the Seller will deliver to the Buyer:

2.4.1.1 duly executed transfers of all of the Company Shares in favour of the Buyer together with the relative share certificates;

2.4.1.2 duly executed transfers in favour of the Company of such shares in the Subsidiaries as are registered in the names of nominee holders, together with the relative share certificates;

2.4.1.3 a copy, certified to be a true copy by a director or secretary of the Seller, of a resolution of the Seller's board of directors (or an authorised committee of that board) authorising the execution and completion of this

Agreement and the execution of the Ancillary Documents to which it is a party;

2.4.1.4 duly executed power(s) of attorney in favour of the Buyer, or the Company in relation to the Subsidiaries, in the approved terms to enable the Buyer and the Company pending registration as the holder of the Company Shares or the shares in the Subsidiaries (as the case may be) to exercise all voting and other rights attaching to the Company Shares and the shares in the Subsidiaries;

2.4.1.5 the title deeds and documents relating to each of the Properties as listed on Schedule 6 (which obligation shall be deemed satisfied by making them available at the offices of Paull & Williamsons at 6 Union Row, Aberdeen, Aberdeenshire AB1 1SA);

2.4.1.6 a document from Hancock Mutual Life Insurance Company (and any Affiliates) ("Hancock") evidencing the release and discharge of all charges over the shares and assets of the Target Group and all guarantees given to Hancock by the Target Group together with the appropriate form under the Act evidencing the release and discharge of a charge dated 26 August 1992 in favour of the Royal Bank of Scotland plc over the assets of TWSL;

2.4.1.7 a deed of acknowledgement from the Seller in the approved terms that all inter-group indebtedness

between the Retained Group on the one hand and the Target Group on the other has been discharged in full;

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2.4.1.8 a legal opinion from Baker & McKenzie, New York in substantially the approved terms relating to the Seller;

2.4.1.9 the resignation of Coopers & Lybrand as the auditors of each member of the Target Group, such resignation to contain a statement in accordance with Section 394 of the Act that there are no circumstances connected with their ceasing to hold office which they consider should be brought to the attention of the members or creditors of the relevant member of the Target Group;

2.4.1.10 all the statutory books (duly written up to date) of the Company and the Subsidiaries and their respective certificates of incorporation and on change of name (if any) and common seals;

2.4.1.11 letters of resignation in the approved terms from each of the directors and the secretary of the Company and the directors and secretary of each of the Subsidiaries, such resignations to take effect from close of the meeting of the board of directors of the Company referred to in Section 2.4.4 and letters of resignation in the approved terms from those of the Excluded Employees who have accepted employment with the Retained Group;

2.4.1.12 the latest inspection reports in respect of the Drill Pipe;

2.4.1.13 the Buyer will deliver to the Seller the Estimated Cash Portion of the Purchase Price in accordance with the payment instructions specified in Section 2.2.1;

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2.4.1.14 the Buyer will deliver to the Seller a legal opinion

from a reputable firm of lawyers admitted in the practice of the Isle of Man in substantially the approved terms.

2.4.2 Abbot will issue to the Seller the Warrant;

2.4.3 the Seller shall cause the directors of the Company to hold a meeting of the board of directors of the Company at which they shall pass resolutions in the approved terms (inter alia) to:-

2.4.3.1 approve the registration of the Buyer as a member of the Company subject only to the production of duly stamped transfers in respect of the Company Shares;

2.4.3.2 accept the resignations referred to in Section 2.4.1.11 and appoint such persons as the Buyer may nominate as directors and secretary of the Company;

2.4.3.3 revoke all authorities to the bankers of the Company relating to bank accounts and give authority to such persons as the Buyer may nominate to operate the same.

2.4.4 the Seller shall procure that a board meeting of each of the Subsidiaries is held at which the directors:

2.4.4.1 approve the registration of the Company as a member of its Subsidiaries in respect of, and subject only to the production of duly stamped transfers of, the shares referred to in Section 2.4.1.2;

2.4.4.2 accept the resignations referred to in Section 2.4.1.12 in respect of the relevant Subsidiary and appoint the persons nominated by the Buyer as directors and secretary of the Subsidiary;

2.4.4.3 revoke all existing authorities to bankers relating to the operation of the Subsidiary's bank accounts and give authority in favour of the person nominated by the Buyer to operate such account.

2.5 If Closing does not proceed on the date set for Closing in Section 2.3 (or on the date to which Closing is postponed pursuant to Section 2.5.2) because any Party fails to discharge fully any of its obligations under this Section 2 or under Sections 5.5 to 5.8, the Buyer in the case of

failure by the Seller or the Seller in the case of failure by the Buyer or Abbot may, without prejudice to any other remedies available except as such remedies are limited in Section 5.4, by notice to the other elect to:

2.5.1 proceed to Closing so far as practicable; or

2.5.2 postpone Closing to such date as the non-defaulting Party specifies being not later than 21 November 1996 in which event the provisions of this Agreement apply as if that other date is the date set for Closing in Section 2.3; or

2.5.3 terminate this Agreement in which event the provisions of Section 9.2 shall apply.

2.6 POST-CLOSING ADJUSTMENT.

2.6.1 On or before the date that is 125 calendar days following the Closing Date (or the next Business Day if such date is not a Business Day), the Buyer will prepare and deliver to the Seller a statement ("the Consolidated Working Capital Statement") showing the actual amount of the Consolidated Working Capital together with the amount of any Permitted Expenditure. The Seller shall use all reasonable endeavours to procure that Coopers & Lybrand shall grant to the Buyer access to their working papers for the Seller and for the Retained Group to the extent reasonably required to enable the Buyer to prepare the Consolidated Working Capital Statement and the Seller shall promptly make available to the Buyer all information which is in the possession of the Retained Group which may reasonably be required to prepare the Consolidated Working Capital Statement.

2.6.2 The Buyer shall make available to the Seller all information which shall be in the possession of the Buyer or any member of the Target Group and shall use all reasonable endeavours to procure that the accountants acting on behalf of the Buyer in connection with the preparation of the Working Capital Statement shall grant to the Seller access to their working papers in respect of the Working Capital Statement to the extent reasonably required by the Seller for the Seller to verify whether the Consolidated Working Capital Statement is correct. Within 30 calendar days following delivery of the Consolidated Working Capital Statement to the Seller, the Seller shall notify the Buyer whether it agrees with the Consolidated Working Capital

Statement. If the Seller disagrees with the Consolidated Working Capital Statement, the Seller shall provide the Buyer with a written notice specifying the basis for the Seller's

disagreement, and the Seller and the Buyer shall work in good faith to reach agreement on the amount of the Consolidated Working Capital. In the absence of a written notice from the Seller to the Buyer, specifying the basis for the Seller's disagreement, the Seller shall be deemed to have agreed the amount of the Consolidated Working Capital contained in the Consolidated Working Capital Statement delivered to it pursuant to Section 2.6.1.

2.6.3 If the Buyer and the Seller fail to reach agreement on the amount of the Consolidated Working Capital within 30 calendar days following the date of written notice given in accordance with clause 2.6.2, either the Seller or the Buyer may cause the matter to be referred to one of the "Big Six" independent public accounting firms as the Seller and the Buyer may mutually agree. In default of agreement within 3 Business Days of one party nominating a firm, any Party shall be entitled to request the President of the Institute of Chartered Accountants in England and Wales to select such independent accounting firm (other than Coopers & Lybrand and Arthur Andersen). The fees and disbursements of such accountants shall be borne equally by the Buyer and the Seller. Such accountants shall examine the records of the Seller, the Target Group and the Buyer, and, no later than 90 calendar days following the date upon which such matter shall be referred to such accountants, such accountants shall determine the amount of the Consolidated Working Capital and the amount of any Permitted Expenditure. Any such determination (i) shall (except as to any manifest error) be final and binding on the Parties, and (ii) may be enforced by appropriate judicial or other proceedings.

2.6.4 The Cash Portion of the Purchase Price shall reflect any such determination by such accountants. If the Cash Portion of the Purchase Price (whether by agreement of the Parties or after

giving effect to any such determination by such accountants) exceeds the Estimated Cash Portion of the Purchase Price paid at the Closing, the Buyer shall pay to the Seller the amount of such excess plus interest thereon from the Closing Date until paid at the Applicable Rate. If the Cash Portion of the Purchase Price (whether by agreement of the Parties or after giving effect to any such determination by such accountants) is less than the Estimated Cash Portion of the Purchase Price paid at the Closing, the Seller shall pay to the Buyer the amount of such shortfall plus interest thereon from the Closing Date until paid at the Applicable Rate. Such payment shall be made, in either case, within 15 calendar days following the agreement of the Parties or the final determination of the Cash Portion of the Purchase Price by such accountants. All of such interest shall be computed on the basis of the actual number of days elapsed in a year of 365 or 366 days, as the case may be.

3. REPRESENTATIONS AND WARRANTIES CONCERNING THE TRANSACTION.

3.1 REPRESENTATIONS AND WARRANTIES OF THE SELLER. The Seller represents and warrants to the Buyer that the statements contained in this Section 3.1 are true and accurate as of the date of this Agreement except as fairly set forth in the Disclosure Letter.

3.1.1 ORGANIZATION OF SELLER. The Seller is duly organized and validly existing under the laws of the jurisdiction of its incorporation.

3.1.2 AUTHORISATION OF TRANSACTION. The Seller has full power and authority to execute and deliver this Agreement and each of the Ancillary Documents to which it is a party and to perform its

obligations thereunder. This Agreement and each of the Ancillary Documents to which it is a party constitute the valid and legally binding obligation of the Seller, enforceable in accordance with their respective terms and conditions. The Seller need not give any notice to, make any filing with, or obtain any authorisation, consent, or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

3.1.3 NONCONTRAVENTION. Neither the execution and the delivery of the Agreement or the Ancillary Documents to which it is a party, nor the consummation of the transactions contemplated thereby, will (i) violate any constitution, statute, regulation, rule,

injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Seller is subject or (ii) violate any provision of Seller's charter or bylaws or (iii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which the Seller is a party or by which it is bound or to which any of its assets is subject.

3.1.4 BROKERS' FEES. The Seller has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Buyer could become liable or obligated.

3.2 REPRESENTATIONS AND WARRANTIES OF THE BUYER. The Buyer represents and warrants to the Seller that the statements contained in this Section 3.2 are true and accurate as of the date of this Agreement.

3.2.1 ORGANIZATION OF THE BUYER. The Buyer is a corporation duly incorporated under English law.

3.2.2 AUTHORISATION OF TRANSACTION. The Buyer has full power and authority to execute and deliver this Agreement and each of the Ancillary Documents to which it is a party and to perform its obligations thereunder. This Agreement and each of the Ancillary Documents to which it is a party constitutes the valid and legally binding obligation of the Buyer, enforceable in accordance with its terms and conditions. The Buyer need not give any notice to, make any filing with, or obtain any authorisation, consent, or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

3.2.3 NONCONTRAVENTION. Neither the execution and the delivery of this Agreement or the Ancillary Documents to which it is a party, nor the consummation of the transactions contemplated hereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Buyer is subject or (ii) violate any provision of its Memorandum or Articles of Association or (iii) conflict with, result in a breach of, constitute a default under, result in the

acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which the Buyer is a party or by which it is bound or to which any of its assets is subject.

3.2.4 BROKERS' FEES. The Buyer has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with

respect to the transactions contemplated by this Agreement for which the Seller could become liable or obligated.

3.3 REPRESENTATIONS AND WARRANTIES OF ABBOT. Abbot represents and warrants to the Seller that the statements contained in this Section 3.3 are true and accurate as of the date of this Agreement.

3.3.1 ORGANIZATION OF ABBOT. Abbot is a corporation duly incorporated under English law.

3.3.2 AUTHORISATION OF TRANSACTION. Abbot has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder and, without limitation, to issue the Warrant to the Seller on the Closing Date and to comply with its obligations thereunder. This Agreement and each of the Ancillary Documents to which it is a party constitutes the valid and legally binding obligation of Abbot, enforceable in accordance with its terms and conditions. Abbot need not give any notice to, make any filing with, or obtain any authorisation, consent, or approval of any other person in order to consummate the transactions contemplated by this Agreement.

3.3.3 NONCONTRAVENTION. Neither the execution and the delivery of this Agreement or the Ancillary Documents to which it is a party, nor the consummation of the transactions contemplated hereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Abbot is subject or (ii) violate any provision of its Memorandum or Articles of Association or (iii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any

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agreement, contract, lease, license, instrument, or other arrangement to which Abbot is a party or by which it is bound or to which any of its assets is subject.

3.3.4 BROKERS' FEES. Abbot has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Seller could become liable or obligated.

3.3.5 CAPITALIZATION. The authorised share capital of Abbot is Pound Sterling 31,500,000 comprising 185,000,000 ordinary shares of 15 pence each and 3,750,000 convertible preference shares of Pound Sterling 1 each of which 108,064,471 ordinary shares and 3,750,000 convertible preference shares are issued and are fully paid. Upon the successful completion of the placing and open offer referred to in the Abbot Circular, Abbot's authorised share capital will be Pound Sterling 31,500,000, comprising 185,000,000 ordinary shares of 15 pence each and 3,750,000 convertible preference shares of Pound Sterling 1 each of which 130,277,365 ordinary shares and 3,750,000 convertible preference shares will be issued and fully paid.

3.4 The representations and warranties contained in Sections 3.2.2, 3.2.3, 3.3.2 and 3.3.3 insofar as they relate to the performance of the obligations of Abbot and the Buyer in Sections 2.2, 2.4.2 and 2.4.3 are given subject to the satisfaction of the Conditions in Section 7.1.1 and 7.1.2.

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4. REPRESENTATIONS AND WARRANTIES CONCERNING THE COMPANY AND ITS SUBSIDIARIES.

4.1 The Seller represents and warrants to the Buyer that the statements contained in Schedule 8 are true and accurate as of the date of this Agreement and except as fairly set forth in the Disclosure Letter, or as set forth in this Agreement or any Schedule to this Agreement.

4.2 Save as provided in the Disclosure Letter and save for any information within the actual knowledge of any executive member of the Board of Directors of Abbot (which information shall be deemed to be known to the

Buyer), no information of which Abbot or the Buyer has knowledge shall prejudice any claim being made by the Buyer under any of the Warranties, nor shall it affect the amount recoverable under any such claim and, subject thereto, neither the rights and remedies of the Buyer, nor the Seller's liability in respect of the Warranties shall be affected by any investigation made by or on behalf of the Buyer into the Target Group.

4.3 Each of the Warranties shall be interpreted as a separate and independent Warranty and shall not be deemed to be limited by reference to any other Warranty.

4.4 No information supplied by, or on behalf of, the Company or its Subsidiaries to the Seller or its advisers in connection with the business and affairs of the Target Group constitutes a representation, warranty or undertaking to the Seller as to its accuracy by the Company or its Subsidiaries and the Seller waives each and every claim which it may have against the Company, its Subsidiaries or their respective employees in respect of such information.

5. PRE-CLOSING COVENANTS.

The Parties agree as follows with respect to the period between the execution of this Agreement and the Closing.

5.1 OPERATION OF BUSINESS. The Seller shall procure that the Company and its Subsidiaries shall, save to the extent required or permitted by this Agreement or to enable the Seller to perform its obligations under this Agreement including its obligations to procure the transfer of the Excluded Assets, the Drill Pipe and the Instrumentation and the discharge of all bank indebtedness and intercompany accounts pursuant to Sections 5.5 to 5.8, conduct its business only in the Ordinary Course of Business so as to maintain it as a going concern and shall not without the prior written consent of the Buyer;

5.1.1 create, allot, issue, repay, redeem or grant any options over any share or loan capital of the Company or its Subsidiaries or agree to do any of those things;

5.1.2 acquire or dispose of or agree to acquire or dispose of any share or other interest in any company, partnership or other venture;

5.1.3 acquire or dispose of or agree to acquire or dispose of any individual fixed asset with a book value in excess of Pound Sterling 5,000 nor fixed assets with an aggregate book value

in excess of Pound Sterling 100,000;

5.1.4 declare, make or pay any dividend or other distribution;

5.1.5 pass a shareholders' resolution;

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5.1.6 create, or agree to create, an Encumbrance over any asset or redeem, or agree to redeem, an existing Encumbrance over any asset;

5.1.7 acquire or dispose of any freehold or leasehold property or grant or terminate any lease or third party right (including Licences) in respect of any of the Properties nor agree to do any of those things or change the existing use of the Properties or change or agree to change the terms of any lease or third party rights in respect of the Properties or the rents or fees payable thereunder;

5.1.8 make or agree to make any amendment to any of the Contracts which amendment has the effect of increasing costs to the Target Group or decreasing revenues to the Target Group in an aggregate value on an annualised basis in excess of Pound Sterling 50,000, or terminate any of the Contracts;

5.1.9 amend the terms of employment of any employee of the Target Group (including as to pension commitments and share options) or offer to engage any new employee or consultant at an annual salary or fee (on the basis of full time engagement) in excess of Pound Sterling 25,000 or dismiss any Employee save for the hiring or dismissal of offshore employees where such action is reasonably required to enable the Target Group to comply with its obligations under any Contract or other drilling contract (if any);

5.1.10 compromise, settle, release, discharge or compound any litigation or arbitration proceedings except where the costs of such litigation or arbitration proceedings are to be borne by the Seller pursuant to the terms of Section 6.2 of this Agreement in

which case the Seller shall have absolute discretion in the handling of such proceedings;

5.1.11 enter into any new contracts for the provision of labour services for drilling platforms or enter into any other contracts for the supply of goods or services with an annual revenue or cost in excess of Pound Sterling 50,000;

provided that (i) where any capital expenditure is made by the Target Group which is not in breach of this Section 5.1 after the date of this Agreement and prior to Closing such sum shall be added to the Purchase Price as Permitted Expenditure payable by the Buyer, and (ii) this Section 5.1 shall not prevent the Seller making any ex-gratia payment to, or granting or permitting to be exercised any option over shares (other than shares in any company in the Target Group) by, any employee of the Target Group or from offering employment with the Retained Group to the employees listed in Schedule 4, Part 1.

5.2 OWNERSHIP OF SHARES. In the period prior to Closing, the Seller will retain the entire legal and beneficial ownership of the Company Shares and of the entire issued share capital of the Subsidiaries (subject to legal title held by nominee shareholders as set out in Parts 2 and 3 of Schedule 1).

5.3 NOTIFICATION. The Seller undertakes prior to Closing to notify immediately the Buyer in writing if it becomes aware that any of the circumstances set out in paragraphs (i), (ii) or (iv) of Section 5.4 have arisen or will arise.

5.3.1 REMEDIES FOR BREACH. Notwithstanding any breach by the Seller of a provision of this Agreement including any breach of the Warranties, the Buyer shall proceed to Closing and shall not be entitled in any circumstances to rescind or terminate this Agreement, save in the case

of (i) fraud by the Seller or (ii) the Seller not having disclosed to the Buyer prior to the date of this Agreement the fact that it had given or received notice of termination of any Contract or that any Contract had been terminated or (iii) the Seller not having complied with its obligations under Sections 2.4.1, 2.4.4 and 2.4.5 or under Sections 5.5 to 5.8 at or prior to Closing or (iv) the Seller failing to deliver the Company Shares at Closing in accordance with the provisions of Section

2.1 or failing to deliver the shares of the Subsidiaries in accordance with paragraph 5.1 of Schedule 8.

5.3.2 If the Buyer decides to proceed to Closing and not to exercise its right of rescission this shall be without prejudice to any rights the Buyer may have to claim damages for breach of contract or to exercise any other right or remedy, whether under this Agreement or otherwise, resulting from a breach of this Agreement or the Warranties, but subject in each case to all other limitations on the Seller's liability contained in this Agreement. The Buyer shall in no circumstances be entitled to rescind this Agreement after Closing.

5.4 BORROWED FUNDS. Seller shall procure that, as of the Closing Date, no member of the Target Group shall have any indebtedness to any bank or other financial institution.

5.5 EXCLUDED ASSETS. To the extent that such assignments or transfer have not occurred prior to the date hereof the Seller shall prior to Closing cause each member of the Target Group to assign or transfer to a member of the Retained Group all Excluded Assets (whether paid in cash or left outstanding as an intercompany debt, but subject always to compliance with Section 5.5) and any such assignment or transfer shall be permitted without the consent of the Buyer, provided however, that:-

5.5.1 if any such assignment or transfer shall be prohibited without the consent of a third party and such consent shall not have

been obtained prior to the Closing, then (i) such assignment or transfer shall not be completed prior to the Closing, (ii), from and after the Closing, the Buyer and the Seller will use all reasonable commercial efforts to obtain such third-party consent, (iii), if the Buyer obtains such third-party consent, the Buyer will cause the company which owns such Excluded Asset to transfer such Excluded Asset to the Seller or its designee for the consideration attributed to it in Schedule 5, pursuant to a deed or other assignment document reasonably acceptable to the Seller and the Buyer. The Seller shall indemnify and keep indemnified the Buyer and its Affiliates from and against any claims, proceedings, costs and liability (other than any liability arising out of any action of the Buyer, any of its Affiliates or any member of the Target Group from and after the Closing) arising out of (A) the ownership of such Excluded Asset, and (B) any such transfer; and

5.5.2 the Seller shall not be obliged to cause NDESL to transfer the 99,900 shares of L.1,00 each in Paloak Limited, but shall be entitled to do so if it so desires.

5.6 ACCOUNTS WITH AFFILIATES. Prior to Closing, the Seller shall procure that, as of the Closing Date, all intercompany loan accounts or indebtedness including any trading accounts between (i) the Retained Group and (ii) the Target Group are discharged in full.

5.7 DRILL PIPE AND INSTRUMENTATION. The Seller shall procure that prior to Closing the Drill Pipe and the Instrumentation shall be transferred to NDESL free from any Encumbrance and with full title guarantee, but with the provisions of Sections 6(1) and 6(2) of the LPA disapplied and, other than with regard to subsequent transfers between NDESL and an Affiliate or between Affiliates of NDESL, with the provisions of Section 7 of the LPA disapplied (subject, in the case of the Instrumentation, to a

contract right in favour of Elf Caledonia Limited) for an aggregate cash price payable by NDESL (excluding any VAT, if applicable) of two million two hundred and seventy thousand US dollars (US$2,270,000) and two hundred and ninety-four thousand eight hundred and fifteen pounds (Pound Sterling 294,815). The Seller shall also procure the assignment to NDESL (to the extent such rights are capable of assignment) of all such manufacturer's rights, warranties and guarantees as may be available to the transferor in connection with the Instrumentation.

5.8 CHANGE OF CORPORATE NAMES. The Buyer acknowledges that the Seller may cause the Company and the Subsidiaries at or prior to Closing to effect changes to their respective names to remove therefrom the name "Nabors". Abbot undertakes that no member of the Abbot Group shall at any time use such name or the names "Sundowner" or "Canrig" or any substantially or confusingly similar name, or any trademark, logo or symbol that includes or is otherwise associated with any such name, for any purpose, including without limitation in connection with the marketing of any products or services by the Target Group; and insofar as changes to such names have not been effected at or prior to Closing, the Buyer shall procure that all necessary steps are taken to complete such changes of names within 5 Business Days from Closing. Notwithstanding the foregoing, the Buyer may, for a period not exceeding 90 days immediately following Closing, use machinery and equipment that has affixed thereto the name "Nabors" provided, however, that (i) the Buyer shall use all reasonable endeavours to erase, cover or remove such name as soon as

possible after Closing and (ii) the Buyer shall indemnify and hold harmless the Seller and any member of the Retained Group from and against any loss, liability, damage or claim that the Seller or any member of the Retained Group may suffer as a result of such use by the Buyer of such names, trademarks, logos or symbols.

5.9 FULL ACCESS. The Seller will permit, and the Seller will cause each of the Company and its Subsidiaries to permit, representatives of the Buyer to have access at all reasonable times subject to reasonable notice, and in a manner so as not to interfere unnecessarily with the normal business operations of the Company and its Subsidiaries, to all premises, properties, personnel, books, records (including tax records), contracts, and documents of or pertaining to each of the Company and its Subsidiaries other than to the Excluded Assets. The Buyer will treat as confidential and hold as such any Confidential Information it receives from the Seller, the Company, and its Subsidiaries in the course of the reviews contemplated by this Section 5.10, will not at any time hereafter use any of the Confidential Information or disclose or divulge any such Confidential Information except in connection with this Agreement or to meet the requirements of the London Stock Exchange or other governmental or regulatory authorities, and, if this Agreement is terminated for any reason whatsoever, will return to the Seller, the Company, and its Subsidiaries all tangible embodiments (and all copies) of the Confidential Information which are in its possession.

6. POST-CLOSING COVENANTS.

The Parties agree as follows with respect to the period following the Closing.

6.1 GENERAL. In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as the other Party reasonably may request, all at the sole cost and expense of the requesting Party.

6.2 TAX LITIGATION. For the avoidance of doubt and, notwithstanding any of the terms of the agreement between Loffland Brothers North Sea, Inc.

and NDESL dated 21 September 1990 providing for the transfer of the business and assets of Loffland Brothers North Sea, Inc. to NDESL, nothing in this Agreement shall limit or restrict the rights of the Seller or Loffland Brothers North Sea, Inc. to conduct, compromise, settle or resist the High Court litigation (number CH 1996 G4108) and any related litigation in whatsoever manner it sees fit and without any need to refer to, consult or seek or obtain any consent or approval of the Buyer, NDESL, or their respective successors or assigns in relation thereto. The Buyer shall procure that neither it nor NDESL nor any of their respective successors or assigns shall in any way so limit or restrict the rights of or impose any obligations upon the Seller or Loffland Brothers North Sea Inc in relation to such litigation. The Buyer shall further procure that neither it nor NDESL nor any of their respective successors or assigns shall demand payment from the Inland Revenue or assert any right to receive payment from the Inland Revenue in relation thereto without having obtained the prior consent in writing of Loffland Brothers North Sea, Inc. The Seller shall indemnify and keep indemnified the Buyer and the Target Group from and against any claims, proceedings, liability, damages, costs and expenses which the Buyer or the Target Group may incur or suffer in relation to the litigation referred to in this Section 6.2 whatsoever.

6.3 TAX RETURNS.

6.3.1 The Seller or its duly authorised agent shall prepare the tax returns of the Company and its Subsidiaries for the accounting periods ended on or prior to 30 September 1996.

6.3.2 The Buyer shall procure that the Company and its Subsidiaries shall cause the returns mentioned in Section 6.3.1 to be authorised, signed and submitted to the appropriate authority without amendment or with such amendments as the Seller shall agree provided that the Buyer shall not be obliged to procure that the Company and its Subsidiaries take any such action as is mentioned in this Section 6.3.2 in relation to any tax return that is not true and accurate in all material respects.

6.3.2 Subject to Section 6.3.4 the Seller or its duly authorised agent shall prepare all documentation and deal with all matters (including correspondence) relating to the tax returns of the Company and its Subsidiaries for all accounting periods ended on or prior to 30 September 1996 and the Buyer shall procure that the Company and its Subsidiaries shall afford such access at all

reasonable times subject to reasonable notice and in a manner so as not to interfere unnecessarily with the normal business operations of the Company and its Subsidiaries to such books, accounts and records as the Seller may require to enable the Seller or its duly authorised agent to prepare those returns and conduct matters relating thereto in accordance with the Seller's rights under this Section.

6.3.3 The Seller shall keep the Buyer fully informed as to any action taken or proposed to be taken in conjunction with Section 6.3.3.

6.3.4 The Buyer shall afford the Seller the opportunity to make such amendments as the Seller reasonably believes are necessary to the tax return or tax returns that relate to the period from 1 October 1996 to Closing provided that the Buyer shall not be obliged to procure that the Company and its subsidiaries take any such action in relation to any tax return that is not true and accurate in all material respects.

6.3.5 The Buyer shall keep the Seller informed as to any action taken or proposed to be taken in conjunction with Section 6.3.5 and shall not submit any documentation or correspondence to the relevant Taxation Authority until the Seller has approved them, such approval not to be unreasonably withheld or delayed.

6.4 RELEASE OF GUARANTEES. Abbot shall and shall procure that the Abbot Group and the Target Group shall use their respective reasonable endeavours to procure that as soon as practicable after Closing the Seller and all members of the Retained Group shall be released from any guarantee or surety (whether or not listed in Part 1 of Schedule 9 and where not so listed as soon as practicable after Abbot or any member of Abbot's Group becoming aware of the existence of such guarantee or surety) given by any of them to any third party in respect of the performance of the obligations of any member of the Target Group under the terms of any agreements entered into by any of them which endeavours shall include the offering by Abbot of a guarantee in identical terms in substitution for the guarantee of the relevant member of the Retained Group and pending such release shall indemnify and keep indemnified the Seller for itself and as trustee for all members of the Retained Group against any and all liabilities, costs, claims, proceedings and damages which may arise in connection with any guarantee or surety given in respect of the performance of the obligations of any member of the Target Group (whether or not listed in Part 1 of Schedule 9) other than to the extent that they arise out of any default of the Seller or any

member of the Retained Group or any member of the Target Group prior to Closing.

6.4.1 On the Closing Date Abbot shall (i) pay to the Seller the sum of Pound Sterling 125,000 in the same manner as the Sterling payment is made under Section 2.2.1 or in a manner otherwise agreed between Abbot and the Seller (ii) include (and during the following six months maintain the inclusion of) each member of the Retained Group which is listed as a guarantor in Part I of Schedule 9 as an additional insured on such insurance policies as are required to comply with the obligations of the Target Group under the relevant Contracts, and (iii) at Seller's request, supply copies of certificates evidencing the same. Upon the expiry of six months from the Closing Date and on each anniversary of such date (or the first subsequent Business Day thereafter if such anniversary is

not a Business Day) ("the Anniversary Date"), unless on that date all members of the Retained Group have been released from all guarantees referred to in Section 6.4.1, Abbot shall (i) pay to the Seller the sum of Pound Sterling 250,000 in the same manner as the Sterling payment is made under Section 2.2.1 or in a manner otherwise agreed between Abbot and the Seller and (ii) procure that each member of the Retained Group which is listed as guarantor in Part 1 of Schedule 9 continues until the following Anniversary Date to be included as an additional insured on such policies aforesaid and (iii) at the Seller's request supply copies of certificates evidencing the same.

6.4.2 In the event that all of the guarantees referred to in Section 6.4.1 have been released prior to the expiry of six months from the Closing Date or prior to the expiry of twelve months from any Anniversary Date upon which the last payment was made under Section 6.4.2, the Seller shall refund to Abbot such percentage of Pound Sterling 125,000 (in the case of the six months following the Closing Date) or such percentage of Pound Sterling 250,000 (in the case of the twelve months between any two Anniversary Dates) as is equal to the percentage which the unexpired portion of such period represents of the whole of such period.

6.4.3 The Seller shall use all reasonable endeavours to procure that as soon as practicable after Closing the Target Group shall be released from all guarantees and sureties given by any member of

the Target Group to any third party in respect of the performance of the obligations of any member of the Retained Group under the terms of any agreements entered into by any of them, which includes without limitation those listed in Part 2 of Schedule 9, which endeavours shall include the offering by the Seller of a guarantee in identical terms in substitution for the guarantee of the relevant member of the Target Group and pending such release shall indemnify and keep indemnified the Buyer for itself and as trustee for all members of the Target Group against any and all liabilities, costs, claims, proceedings and damages

which may arise in connection with any such guarantee or surety other than to the extent that they arise out of any default of the Abbot Group or any member of the Target Group after Closing.

6.5 BRITANNIA CONTRACT. The Buyer shall procure that:

6.5.1 NDESL and any Relevant Party shall with effect from Closing perform all its outstanding obligations under the Britannia Contract in the Ordinary Course of Business and so as to ensure that the amount of and the timing of payment of the Britannia Bonus shall not be adversely affected;

6.5.2 NDESL and any Relevant Party shall not without the Seller's prior written consent assign the Britannia Contract (except for an assignment to another member of the Abbot Group if the assignment will not adversely affect the amount of or timing of payment of the Britannia Bonus) and shall not otherwise divest itself of any rights or obligations thereunder in either case during the period until the Buyer shall have complied with all of its obligations under Section 6.5.6 or until the Seller has been released from the guarantee of the Britannia Contract referred to in Part 1 of Schedule 9, whichever is later;

6.5.3 no member of the Abbot Group shall initiate any action nor agree to any proposal whereby the terms of the Britannia Contract are amended or any other arrangements are entered into which is likely to adversely affect the amount of or the timing of payment of the Britannia Bonus save (i) with the Seller's written consent, which consent (or refusal to consent) shall not be unreasonably delayed or (ii) if the Seller has received at the date of any such action, amendment or other arrangement referred to in this Section 6.5.3, payment from the Buyer or from Abbot of a sum equal to the Estimated Bonus

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after deduction of a sum representing tax at the Notional Tax Rate and the Seller has at such date been released from the guarantee of the Britannia Contract referred to in Part 1 of Schedule 9;

6.5.4 NDESL and any Relevant Party shall supply to the Seller immediately upon receipt a copy of the monthly cost reports prepared by the Independent Operator in connection with the Britannia Contract;

6.5.5 NDESL and any Relevant Party shall use all reasonable endeavours to procure that payment of the Britannia Bonus is made by the Independent Operator strictly in accordance with the terms of the Britannia Contract as at the date hereof or as varied pursuant to Section 6.5.3 and in any event within 60 days of the due date therefor; and if there is any dispute with the Independent Operator as to the amount of the Britannia Bonus payable, neither NDESL or any Relevant Party nor any member of the Abbot Group shall seek to compromise or settle the amount of such bonus without the consent of the Seller; the Seller may at any time after the expiry of such 60 day period and shall, after it has refused to give its consent to any compromise or settlement, take over the conduct of such claim against the Independent Operator and the Buyer shall procure that NDESL or any Relevant Party shall take such action with respect to the conduct of such claim as the Seller shall reasonably request subject to the Seller indemnifying and keeping NDESL or any Relevant Party indemnified against all costs and expenses thereby incurred;

6.5.6 not later than 7 days after receipt by NDESL or any Relevant Party or any member of the Abbot Group of the Britannia Bonus (or any part of it) the Buyer shall, subject to section 6.5.7, pay to

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the Seller the amount of such receipt in the currency received after deduction of a sum representing tax at the Notional Tax Rate. Such payment shall be made by telegraphic transfer of immediately available funds into such bank account of the Seller

as was specified pursuant to Section 2.2.1 or such other account as may previously have been notified in writing by the Seller to the Buyer;

6.5.7 notwithstanding Section 6.5.6, the Buyer shall not be obliged to pay over any sums received by NDESL or any Relevant Party or any member of the Abbot Group or by any successor or assign of any of them by way of Britannia Bonus Account Payment until the date upon which such person receives payment of the Drilling Facilities Profit as finally determined at which time the Buyer shall pay over a sum equal to the Drilling Facilities Profit less the sum of all Britannia Bonus Account Payments received by NDESL or any Relevant Party prior to the Closing Date net of a sum representing tax at the Notional Tax Rate on the amount of such payment and such sums shall be treated for all purposes thereafter as if they were part of the Drilling Facilities Profit portion of the Britannia Bonus;

6.5.8 interest shall be chargeable at the rate of 3% per annum over the base rate of National Westminster Bank plc compounded monthly on sums which are overdue under Section 6.5.6, from the due date for payment thereunder until the date of actual payment to the Seller.

6.6 CONTRACTS. The Seller agrees to indemnify the Buyer and keep the Buyer indemnified (for itself and as trustee for the benefit of each member of the Target Group) from and against all liabilities damages and costs arising out of or in connection with any claim or proceedings made (whether commenced before or after the date of this Agreement) against any member of the Target Group by any other party to any contract (including the Contracts) to which any member of the Target Group is or has at any time prior to the date of this Agreement been a party as a result of any breach prior to Closing by such member of the Target Group of any term of such contract (where such breach gives rise to a liability for a member of the Target Group in excess of L.50,000) and except to the extent that the Buyer has continued such breach after Closing, provided always that the liability of the Seller under this Section 6.6 shall be limited to the full amount of the claim made by the other party to such contract (including any damages awarded to such other party for lost profits or without limitation other consequential losses) and shall in no circumstances include any other damages, lost profits or, without limitation, other consequential losses of the Buyer or other member of the Target Group or the Abbot Group (other than the costs and expenses of the Buyer or other relevant member of the Target

Group of defending such claim) resulting from the termination of such contract and provided further that the liability of the Seller shall be subject to the limitations referred to in Section 8 other than Section 8.2.

7. CONDITIONS TO OBLIGATION TO CLOSE.

7.1 CONDITIONS. Closing shall be subject to the Buyer's rights under Section 5.4 and:

7.1.1 the passing by Abbot's shareholders without amendment of the ordinary resolution and the special resolution set out in the

notice of extraordinary general meeting attached to the Abbot Circular; and

7.1.2 the admission to listing of the shares which are the subject of the placing and open offer described in the Abbot Circular on the London Stock Exchange becoming effective;

7.1.3 the Seller having complied with its covenants hereunder to discharge intercompany and third party indebtedness, to procure transfer of the Excluded Assets out of the Target Group and to transfer the Drill Pipe and Equipment to NDESL all as more particularly detailed in Sections 5.5 to 5.8; and

7.2 The Buyer shall use all reasonable endeavours to procure fulfilment of the Condition set out in Sections 7.1.1 and 7.1.2 including without limitation making application to the London Stock Exchange not later than 14 November 1996 for the admission of the shares which are subject to the placing and open offer described in the Abbot Circular; and the Seller shall use all reasonable endeavours to procure fulfilment of the Condition set out in Section 7.1.3 in each case as soon as possible and shall notify the other immediately upon fulfilment of each such Condition.

7.3 If either the Buyer, Abbot or the Seller becomes aware of any matter, circumstance or thing that might prevent a Condition being satisfied it shall immediately notify the other.

7.4 The Buyer shall be entitled to waive the Condition (or any part of it) contained in Section 7.1.3 and the Seller shall be entitled to waive the Condition contained in Section 7.1.1 so far as it relates to the passing of the special resolution but not so far as it relates to the passing of

the ordinary resolution.

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8. LIABILITY UNDER REPRESENTATIONS AND WARRANTIES. The provisions of this Section shall operate to limit the liability of the Seller in respect of any claim under or in connection with (i) the Warranties referred to in Section 4, (ii) Section 6.6 and (iii), except where expressly provided to the contrary, the Tax Covenant and references to "claim" and "claims" shall be construed accordingly. The Parties agree as follows:

8.1 AGGREGATE LIABILITY. The maximum aggregate liability of the Seller in respect of all claims shall not exceed Pound Sterling 20,000,000;

8.2 SMALL CLAIMS. Except in relation to a claim in respect of Taxation, under the Tax Covenant or under Section 6.6 where no such limit applies, no liability shall attach to the Seller where the amount of any claim is less than Pound Sterling 20,000, such claims being ignored for the purposes of calculating the liability of the Seller under this Agreement;

8.3 DEDUCTIBLE. Except in relation to a claim in respect of Taxation or under the Tax Covenant where no such limit applies, no liability shall attach to the Seller unless the aggregate amount of all claims for which it would, in the absence of this provision, be liable shall exceed Pound Sterling 500,000 and in such event the Seller shall only be liable for the excess;

8.4 NOTIFICATION OF CLAIMS. No claim shall be brought against the Seller unless:-

8.4.1 written particulars thereof (stating in reasonable detail of which the Buyer is aware the specific matters in respect of which the claim is made) shall have been notified in writing to the Seller before in the case of a claim relating to Taxation or under the Tax Covenant 31 December 2003 or in relation to any other claim 31 March 1998; and

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8.4.2 in the case of a claim other than one relating to Taxation or under the Tax Covenant proceedings in respect of the claim shall have been commenced by being both issued and served within twelve

months of the giving of such notice and in the case of a claim relating to Taxation or under the Tax Covenant proceedings in respect of the claim shall have been commenced by being both issued and served on or before 31 December 2004;

8.5 NOTIFICATION AS SOON AS PRACTICABLE. No liability shall attach to the Seller in respect of any claim other than a claim relating to Taxation or under the Tax Covenant unless notice is given to the Seller of the relevant facts of that claim as soon as reasonably practicable and in any event no later than 90 days after the senior management of the Buyer or any member of Target Group becomes aware thereof provided that a failure to comply with this provision shall not prevent the Buyer recovering damages for any such claim to the extent it can show that the Seller has not been prejudiced by such failure;

8.6 THIRD PARTY CLAIMS. In the event that a claim other than a claim under the Tax Covenant against the Seller arises as a result of or in connection with a liability to or a dispute with any third party, then,

8.6.1 if the sum claimed is Pound Sterling 250,000 or more and if the Seller notifies the Buyer in writing of its wish to have conduct of the liability or dispute with the third party, the Buyer shall (provided that it is indemnified and kept indemnified by the Seller against any costs and expenses which may be incurred by the Buyer in taking such action) take and shall procure that the relevant member of the Target Group shall take such action to avoid, dispute, resist, appeal, compromise or contest such liability or dispute as may be reasonably requested by the Seller;

8.6.2 if the sum claimed is less than Pound Sterling 250,000, and/or until the Seller has elected to have conduct of a given liability or dispute under Section 8.6.1, the Buyer shall be free to conduct such liability or dispute provided that no such liability or dispute shall be admitted, settled or discharged without the written consent of the Seller such consent (or refusal to consent) not to be unreasonably delayed;

8.6.3 if the Seller shall have refused to give its consent to any admission, settlement or discharge, the Buyer may (i) elect to retain conduct of the liability or dispute in which event the Buyer shall be responsible for the whole amount of any subsequent settlement of or judgment in respect of such liability or dispute including any associated costs and expenses and shall not be

entitled to recover all or any part thereof from the Seller or (ii) elect that the Seller take over exclusive conduct of the liability or dispute in which event the Seller shall be responsible for the whole amount of any subsequent settlement of or judgment in respect of such liability or dispute including any associated costs and expenses less any deductible which may be applicable pursuant to Section 8.4 for which the Buyer shall be responsible; and

8.6.4 where the Seller has conduct of any liability or dispute in accordance with Sections 8.6.1 to 8.6.3, the Seller shall report to the Buyer at intervals of not less than once in a period of thirty days.

8.7 CLAIMS AGAINST THIRD PARTIES. In the event that the Buyer or any member of the Target Group is entitled to recover any sum (whether by payment, discount, credit or otherwise) from any third party (including any Taxation Authority) in respect of any matter for which a claim other than a claim under the Tax Covenant could be made against the Seller,

the Buyer shall provided that it is indemnified and kept indemnified by the Seller against any costs and expenses which may be incurred by the Buyer in relation to such recovery use, or procure that the relevant member of the Target Group shall use, all reasonable endeavours to recover such sum before making the claim against the Seller, and any sum recovered will reduce the amount of the claim (after deduction of all reasonable costs and expenses of recovery); and, in the event of the recovery being delayed until after the claim has been satisfied by the Seller, the Buyer shall account to the Seller in respect of any amount so recovered (after deduction of all reasonable costs and expenses of the recovery) up to the amount of the claim. This Section 8.8 shall not apply to any entitlement to recover sums by way of Britannia Bonus from the Independent Operator, which shall be governed by Section 6.5.

8.8 GENERAL. No liability shall attach to the Seller in respect of any claim other than a claim under the Tax Covenant:

8.8.1 to the extent that provision or reserve in respect of the matter or thing giving rise to such claim has been provided for in the Financial Statements or that such matter or thing has been taken into account therein or in determining the amount of the Consolidated Working Capital;

8.8.2 if such claim would not have arisen but for a change in the rate

of Taxation or a change in legislation made after the date hereof with retrospective effect any extra statutory concession or practice previously made by any Taxation Authority (whether or not such change purports to be effective retrospectively in whole or in part) or if such claim would not have arisen but for any judgment delivered after the date hereof;

8.8.3 to the extent that such claim would not have arisen but for a change in the treatment of assets and liabilities or of the

Taxation attributable to timing differences (including capital allowances) in future accounts of the Target Group or but for any other change in the accounting bases upon which the Target Group prepares its future accounts except to the extent necessary to rectify any non compliance with GAAP as at the date of this Agreement;

8.8.4 to the extent that such claim relates to any loss for which the Buyer or any member of the Target Group is indemnified by insurance;

8.8.5 if and to the extent that such claim would not have arisen or would have been reduced or eliminated but for a failure on the part of any member of the Target Group to make any claim, election, surrender or disclaimer or give any notice or consent or do any other thing after Closing the making, giving or doing of which was taken into account in preparing the Financial Statements or determining the Consolidated Working Capital;

8.8.6 to the extent that the claim or breach would not have arisen but for some act, omission, transaction or arrangement whatsoever carried out at the written request or with the written approval of the Buyer prior to Closing or which was expressly authorised by the Agreement.

8.9 USE OF RELIEFS. Where and to the extent that there are available to the Target Group any reliefs, rights of repayment or other rights or claims of a similar nature to set against or otherwise mitigate any liability arising from any claim for Taxation giving rise to a claim under the Warranties or the Tax Covenant and such reliefs, rights of repayment or other rights or claims have not been taken into account in computing and so reducing or eliminating any provision for deferred Taxation or treated as an asset in the Consolidated Working Capital Statement

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wholly by reason of any act, omission or transaction of any member of the Target Group before the date of Closing, credit for any such reliefs, rights of repayment or other rights or claims shall be given to the Seller to the extent that they can be set off against the liability in question.

8.10 CESSER OF LIABILITY. The liability of the Seller shall cease and any subsisting claim which relates to the business or assets of any member of the Target Group shall be withdrawn upon that member of the Target Group or its business or substantially all of its assets ceasing for any reason within the twelve months after the date of Closing to be directly or indirectly controlled by Abbot.

8.11 WARRANTIES EXCLUSIVE. The Buyer, other than in relation to the representations and warranties contained in Sections 3.1 and 4, waives any remedies it may have under the Misrepresentation Act 1967 and any remedy it may have for breach of warranty in relation to any information (written or oral), statements or warranties or representations of any description made, supplied or given by the Seller or any member of the Retained Group or the Target Group or the officers, agents, employees or advisers of any of them in relation to the assets and liabilities of the Target Group, their value or amount, or the business or affairs of the Target Group.

8.12 WAIVER OF RESCISSION. The Buyer shall not be entitled to rescind this Agreement in any circumstances other than as provided in Section 5.4.

8.13 REDUCTION OF CONSIDERATION. If the Seller pays any sum to the Buyer pursuant to a claim, the Purchase Price shall be deemed to be reduced by the amount of such payment.

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8.14 MITIGATION OF LOSS. Nothing in this Section 8 shall limit or restrict the Buyer's general obligation at law to mitigate any loss or damage which it may incur in consequence of any matter giving rise to a potential claim under this Agreement.

8.15 BREACH OF THE CONTRACTS. In addition to the other limitations set out in this Section 8, the liability of the Seller in respect of any claim

by any member of the Abbot Group under or in connection with paragraphs 8.1 and 8.3 of the Warranties in Schedule 8 shall be limited to the amount required to remedy the breach of the applicable law or to obtain the relevant Licence.

8.16 DOUBLE CLAIMS. No claim shall be made under the Warranties in respect of any matter for which a claim has been made under Section 6.6 of this Agreement or under the Tax Covenant or vice versa.

9. TERMINATION

9.1 TERMINATION OF AGREEMENT. The Buyer and Seller may terminate this Agreement by mutual written consent at any time prior to the Closing.

9.2 EFFECT OF TERMINATION. If any Party terminates this Agreement pursuant to Section 9.1, Section 2.5.3 and Section 5.4 all rights and obligations of the Parties hereunder shall terminate without any liability of any Party to any other Party; provided, however, that the confidentiality provisions contained in Section 12 and the provisions of Section 14 (other than Sections 14.5, 14.9 and 14.13) shall survive termination and further provided that such termination shall be without prejudice to the rights of any Party to claim in respect of any breach of this Agreement by any other Party.

10. TAX

10.1 In relation to Taxation the provisions of Schedule 7 shall apply.

10.2 Not later than 7 days after receipt by NDESL or any Relevant Party or any member of the Abbot Group of a Tax Refund received in connection with the litigation referred to in Section 6.2 the Buyer shall pay to the Seller a sum equal to the amount of the Tax Refund after deduction of any Liability for Taxation thereon of NDESL or any Relevant Party or any member of the Abbot Group related to such Tax Refund. Such payment shall be made by telegraphic transfer of immediately available funds into such bank account of the Seller as was specified pursuant to Section 2.2.1 or such other account as may be nominated by the Seller. For the avoidance of doubt, if any Tax Refund is received by any member of the Retained Group, such member shall be entitled to retain the same and shall be entitled to set off the obligation of the Buyer pursuant to this Section 10.2 against any obligation of Loffland Brothers North Sea, Inc to make payment of any Tax Refund to NDESL pursuant to the agreement between Loffland Brothers North Sea, Inc and NDESL dated 21 September 1990.

10.3 If after any payment is made pursuant to Section 10.2 and the receipt by NDESL or any Relevant Party or any member of the Abbot Group of the relevant Tax Refund gives rise to a Liability for Taxation of NDESL or any Relevant Party or any member of the Abbot Group then (if and to the extent that the amount of the Liability for Taxation was not deducted from the payment made by the Buyer pursuant to Section 10.2) the Seller shall pay to the Buyer (by way of refund of any amount paid pursuant to Section 10.2) an amount (which is after taking into account any Taxation payable on such amount) equal to such Liability for Taxation such payment to be made five days after the Buyer shall serve notice on the Seller demanding payment.

11. PROTECTION OF GOODWILL.

11.1 The Seller undertakes to the Buyer that, without the written consent of the Buyer:-

11.1.1 in respect of any and all fixed platforms located in the United Kingdom Continental Shelf, for a period of 3 years from Closing it will not and will procure that no other member of the Retained Group shall directly or indirectly and whether as principal, agent, shareholder or partner, enter into or offer to enter into any agreement for the provision of (i) labour only services of substantially the same type and for substantially the same purposes as those services presently provided by members of the Target Group pursuant to the Contracts or (ii) the services of managing platform drilling crews, maintaining platform drilling equipment and providing engineering services relating to drilling facilities; and

11.1.2 it will not and will procure that no other member of the Retained Group will directly or indirectly and whether as principal, agent, shareholder or partner, for a period of 2 years from Closing offer employment to any person who is at the date of this Agreement and/or was at Closing an employee employed in a managerial, technical or sales capacity by any member of the Target Group nor do any act or thing intended to cause any such employee to terminate his employment with any member of the Target Group, whether or not such employee would thereby breach his contract of employment.

11.2 Nothing in Section 11.1 shall prevent the Seller or any member of the Retained Group from acquiring any company or business or acquiring an

interest in such company or business whether as principal, agent,

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shareholder or partner where part of such business ("the Competing Part") comprises the provision of labour services or Relevant Services of the type and in the geographic area referred to in Section 11.1, provided:

(i) that such Competing Part does not comprise a majority (calculated by reference to its profits on ordinary activities before Taxation) of the business acquired; and

(ii) that, to the extent the Seller or any member of the Retained Group acquires operating control of the Competing Part, it shall exercise its right of control to procure that the Competing Part does not offer to provide (for the period and in the geographic area referred to in Section 11.1) labour services or Relevant Services of the type referred to in Section 11.1 the result of which would be the loss of a contract pursuant to which any member of the Abbot Group is providing at the date of such acquisition substantially the same services provided pursuant to any other contracts to which any member of the Abbot Group may at the date of such acquisition be party.

11.3 The Buyer hereby agrees with the Seller that for the period of 3 years from Closing neither the Buyer nor any member of the Abbot Group shall offer to provide (for the period and in the geographic area referred to in Section 11.1) labour services or Relevant Services of the type referred to in Section 11.1 the result of which would be the loss of a contract pursuant to which the Competing Part is providing at the date of such acquisition substantially the same services.

11.4 Nothing in Section 11.1.2 shall prevent the Seller or any member of the Retained Group from offering employment to any of the employees

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listed in Part 1 of Schedule 4 (i) at any time after the expiry of six

months from Closing if they shall by that time have been or at any time thereafter are, made redundant or (ii) at any time prior to Closing.

11.5 Each of the undertakings contained in Section 11.1 is separate and severable and shall be construed on that basis. If any of such undertakings is found to be void but would be valid if some part of it were deleted or if the period or extent of it were reduced such undertaking shall apply with such modification as may be necessary to make it valid and effective.

11.6 For the avoidance of doubt, the provisions of Section 11 shall not extend (i) to any activities carried out by the Seller or any other member of the Retained Group in respect of the Excluded Assets; nor (ii) to any supply or offer to supply labour services in connection with the sale, supply, leasing or other provision of any rig which uses the "Sundowner" technology.

11.7 If Closing of this transaction shall not occur on or before 21 November 1996, Abbot shall not and shall procure that no member of the Abbot Group shall for a period of three years following the date of this Agreement provide services to those persons who are currently independent operators under the Contracts or wireline contracts of a type which are provided under the Contracts or wireline contracts as at the date of this Agreement in respect of the platforms to which those Contracts relate. This Section 11.7 shall cease to apply upon the Seller ceasing to own a majority of the ordinary shares of NDESL or if, in respect of any given Contract, such Contract is terminated and NDESL is not permitted to tender for the renewal or extension of the Contract in question.

12. CONFIDENTIAL INFORMATION

12.1 The Seller shall before and after Closing not make use of or disclose to any person Confidential Information belonging to the Target Group, take all reasonable steps to prevent the use or disclosure by any member of the Retained Group of Confidential Information belonging to and/or used by the Target Group and procure that each member of the Retained Group complies with the provisions of this Section 12.

12.2 Section 12.1 does not apply to use or disclosure of Confidential Information required to be used or disclosed by law, a court of competent jurisdiction or by the London Stock Exchange or any exchange on which the Seller's shares are traded or to the disclosure of Confidential Information to a director, officer or employee of the Buyer

or to an employee of the Target Group whose function requires that he has possession of the Confidential Information or disclosure of Confidential Information to an adviser for the purposes of advising the Seller in connection with this Agreement or Confidential Information which becomes publicly known except as a result of the Seller's breach of Section 12.1.

12.3 Section 12.1 does not apply to the use or disclosure of Confidential Information belonging to and for use by the Target Group in respect of or in any way connected with the Excluded Assets or in any way connected with Sundowner or Canrig technology.

12.4 Abbot covenants not to make use of or disclose and to take all reasonable steps to prevent the use or disclosure by any member of the Abbot Group of any Sundowner or Canrig technology or information relating thereto which it may have in its possession.

13. GUARANTEE

13.1 In consideration of the Seller entering into this Agreement, Abbot hereby unconditionally and irrevocably guarantees to the Seller the due and punctual performance and observance by the Buyer of its obligations, undertakings, warranties, indemnities and covenants under or pursuant to this Agreement and the Ancillary Documents and agrees to indemnify and keep indemnified the Seller against all losses, damages, costs and expenses (including legal costs and expenses) which the Seller may suffer through or arising from any breach by the Buyer of such obligations, warranties, undertakings, indemnities or covenants. The liability of Abbot as aforesaid shall not be released or diminished by any arrangements or alterations of terms (whether of this Agreement or the Ancillary Documents or otherwise) or any forbearance, neglect or delay in seeking performance of the obligations hereby imposed or any granting of time for such performance.

13.2 If and whenever the Buyer defaults for any reason whatsoever in the performance of any obligation or liability undertaken or expressed to be undertaken by it under or pursuant to this Agreement or the Ancillary Documents, Abbot shall forthwith upon demand unconditionally perform (or procure performance of) and satisfy (or procure the satisfaction of) the obligation or liability in regard to which such default has been made in the manner prescribed by this Agreement or the Ancillary Documents (as the case may be) and so that the same benefits shall be conferred on the Seller or any member of the Retained Group as it would have received if such obligation or liability had been duly performed and satisfied by

the Buyer. Abbot hereby waives any rights which it may have to require the Seller to proceed first against or claim payment from the Buyer to the intent that as between the Seller and Abbot the latter shall be liable as principal debtor as if it had entered

into all undertakings, agreements and other obligations jointly and severally with the Buyer.

13.3 This guarantee and indemnity is to be a continuing security to the Seller for all obligations, warranties, undertakings, indemnities and covenants on the part of the Buyer under or pursuant to this Agreement and the Ancillary Documents notwithstanding any settlement of account or other matter or thing whatsoever.

13.4 This guarantee and indemnity is in addition to and without prejudice to and not in substitution for any rights or security which the Seller may now or hereafter have or hold for the performance and observance of the obligations, undertakings, covenants, indemnities and warranties of the Buyer under or in connection with this Agreement or the Ancillary Documents.

13.5 In the event of Abbot having taken or taking any security from the Buyer in connection with this guarantee and indemnity, Abbot hereby undertakes to hold the same in trust for the Seller pending discharge in full of all Abbot's obligations under this Agreement and the Ancillary Documents. Abbot shall not, after any claim has been made pursuant to this Section 13, claim from the Buyer any sums which may be owing to it from the Buyer or have the benefit of any set-off or counter-claim or proof against or dividend, composition or payment by the Buyer until all sums owing to the Seller in respect hereof shall have been paid in full.

13.6 As a separate and independent stipulation, Abbot agrees that any obligation expressed to be undertaken by the Buyer under this Agreement or the Ancillary Documents (including, without limitation, any moneys expressed to be payable under this Agreement) which may not be enforceable against or recoverable from the Buyer by reason of any legal limitation, disability or incapacity of any of them or any other fact or circumstance shall nevertheless be enforceable against or

recoverable from Abbot as though the same had been incurred by Abbot and Abbot were sole or principal obligor in respect thereof and shall be performed or paid by Abbot on demand.

14. MISCELLANEOUS

14.1 PRESS RELEASES AND PUBLIC ANNOUNCEMENTS. No Party shall issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of the others; provided, however, that any Party may make any public disclosure if required by applicable law, a court of competent jurisdiction, the London Stock Exchange, the Securities and Exchange Commission or any listing or trading agreement concerning its publicly-traded securities (in which case the disclosing Party will, where practicable, use its reasonable endeavours to advise and consult with the other Party as to the contents prior to making the disclosure. This shall not apply to announcements made or sent by the Buyer after Closing advising customers, suppliers and others who have dealings with the Target Group of the change in control of the Target Group.

14.2 NO THIRD-PARTY BENEFICIARIES. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

14.3 ENTIRE AGREEMENT. This Agreement (including the Ancillary Documents) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they have related in any way to the subject matter hereof.

14.4 SUCCESSION AND ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this

Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Parties except, after Closing, to any wholly-owned subsidiary. No such assignment shall relieve the assignor of any obligations under this Agreement.

14.5 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

14.6 HEADINGS. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

14.7 NOTICES. All notices, requests, demands, claims, and other communications hereunder ("notices") will be in writing. Any notice hereunder shall be deemed duly given if delivered personally at the address shown below or if it is sent by first class recorded delivery post or certified airmail, postage prepaid, and addressed to the intended recipient as set forth below:

If to the Seller:	Nabors Industries Inc. 515 West Greens Road Suite 1200 Houston Attention: President	Copy to:	Baker & McKenzie 100 New Bridge Street London EC4V 6JA Attention: HS/SCH/APD
If to the Buyer:	KCA Drilling Group Limited Minto Drive, Altens Aberdeen AB12 3LW Attention: Company Secretary	Copy to:	Pinsent Curtis Dashwood House 69 Old Broad Street London Attention: AF/CP

If to Abbot:	Abbot Group Plc Minto Drive Altens Aberdeen AB12 3LW Attention: Company Secretary	Copy to:	Pinsent Curtis Dashwood House 69 Old Broad Street London Attention: AF/CP

A Party may change the address to which notices are to be delivered by giving the other Parties notice in the manner herein set forth. Any notice delivered personally, shall be deemed served at the time of delivery, if delivered by recorded delivery other than airmail two days after posting and if sent by airmail five days after posting or if such day is not a Business Day then the next following Business Day.

14.8 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of England without giving effect to any choice or conflict of law provision or rule whether of England or any other jurisdiction that would cause the application of the laws of any jurisdiction other than England and the Parties hereto submit to the

non-exclusive jurisdiction of the English courts. The Seller hereby agrees that service of any legal proceedings may be made on it by delivering them to the London office of its solicitors, Baker & McKenzie and the Buyer and Abbot each hereby agree that service of any legal proceedings may be made on it by delivering them to its solicitors, Pinsent Curtis.

14.9 AMENDMENTS. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Parties.

14.10 WAIVER. The failure by any Party to exercise or delay in exercising any right or remedy under this Agreement shall not constitute a waiver of the right or remedy or a waiver of any other rights or remedies that Party may otherwise have and no single or partial exercise of any right

or remedy under this Agreement shall prevent any further exercise of the right or remedy or the exercise of any other right or remedy.

14.11 SEVERABILITY. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

14.12 EXPENSES

14.12.1 Subject to the remainder of this Section 14, each of the Buyer, Abbot and the Seller will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transaction contemplated hereby.

14.12.2 If Closing does not occur on or before 21 November 1996 otherwise than as a result of the Buyer lawfully exercising its right to rescind this Agreement pursuant to Section 5.4.1, the Seller shall have the following remedies:

14.12.2.1 Abbot shall forthwith upon the expiry of such period pay to the Seller the sum of L.1,000,000 being a sum agreed between the parties as representing compensation for the costs, expenses and management time that has been incurred by the Seller and its Affiliates in relation to the proposed sale of the Company Shares. By way of security for the

liability of the Buyer under this Section 14.12.2.1, the Buyer shall at the date of this Agreement pay the sum of L.1,000,000 into a separately designated interest-bearing deposit account with National Westminster Bank Plc (the "Escrow Account") which account shall be free from any lien,

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charge, encumbrance, set-off or counterclaim and which shall be operated as provided in Schedule 11.

14.12.2.2 From the outset of the negotiations leading to this Agreement, the parties have agreed that if this Agreement could not be executed and the transaction closed on essentially a simultaneous basis, then one of the risks of the transaction's failure to close, specifically the risk of loss of profit as a consequence of any termination of a Contract, regardless of the cause of such termination would be borne by Abbot and the Buyer.

The parties understand that as a consequence of the requirement for Abbot to obtain the approval of its shareholders for such transaction pursuant to the Listing Rules of the London Stock Exchange a simultaneous execution and closing is not possible. Accordingly, without prejudice to and in addition to the Seller's rights under Section 14.12.2.1 and 14.12.2.3, if, after signing of this Agreement, a Contract is terminated (otherwise than by a member of the Target Group or its successors or assigns) or a notice of termination of a Contract is sent to any member of the Target Group or its successors or assigns, then Abbot and the Buyer will be jointly and severally liable for all losses, damages, costs and expenses suffered by the Seller in connection with such termination including without limitation, lost profits for what would have been the remainder of the principal term of the Contract had it not been terminated.

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14.12.2.3 Without prejudice to, and in addition to the Seller's rights under Sections 14.12.2.1 and 14.12.2.2, the Seller reserves its rights to claim all losses, damage, costs and expenses suffered by the Seller or any member of the Target Group resulting from the inability to consummate the execution and Closing of the sale of the Company Shares on a simultaneous basis.

14.12.2.4 The remedies specified in Sections 14.12.2.1 to 14.12.2.3 shall be without prejudice to any other remedies the Seller may have resulting from a breach by the Buyer or Abbot of this Agreement.

14.13 RTPA. No party shall give effect to or enforce any restrictions contained in this Agreement or any agreement or arrangement of which this Agreement forms part and by virtue of which particulars of this Agreement (or the relevant agreement or arrangement) are required to be furnished under the RTPA until particulars have been duly furnished to the Director General of Fair Trading as required by the RTPA.

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SCHEDULE 1
COMPANY DETAILS

Part 1 - Nabors Europe Limited

Registered number:	1189464
Registered office:	Plumtree Court, London EC4A 4HT
Authorised share capital:	Pound Sterling 200 divided into 200 Ordinary Shares of Pound Sterling 1 each
Issued share capital:	Pound Sterling 102 divided into 102 Ordinary Shares of Pound Sterling 1 each
Shareholders:	Nabors Industries Inc - 101 Ordinary Shares of Pound Sterling 1 each P&W Trustees (Aberdeen) Ltd - 1 Ordinary Share of Pound Sterling 1
Accounting Reference Date:	30 September
Directors:	Garry Robert Allan Larry Philip Heidt Angus Petrie
Secretary:	Garry Robert Allan

Part 2 Nabors Drilling and Energy Services (UK) Limited

Registered number:	SC125584
Registered office:	Kirkton Avenue Pitmedden Road Industrial Estate Aberdeen, Grampian AB2 0DP
Authorised share capital:	Pound Sterling 4,217,002 divided into 4,217,002 Ordinary Shares of Pound Sterling 1 each
Issued share capital:	Pound Sterling 4,216,904 divided into 4,216,904 Ordinary Shares of Pound Sterling 1 each
Shareholders:	Nabors Europe Limited - 4,216,903 Ordinary Shares of Pound Sterling 1 each

	P&W Trustees (Aberdeen) Limited - 1 Ordinary Share of Pound Sterling 1
Accounting Reference Date:	30 September
Directors:	Garry Robert Allan Joseph Bruce Larry Philip Heidt Ewan Angus McLeod Ernest Winston Simpson Nelson Angus Petrie
Secretary:	Garry Robert Allan

Part 3 - Thistle Well Services Limited

Registered number:	SC138344
Registered office:	Kirkton Avenue Pitmedden Road Industrial Estate Aberdeen, Grampian AB2 0DP7
Authorised share capital:	Pound Sterling 100,000 divided into 100,000 Ordinary Shares of Pound Sterling 1 each
Issued share capital:	Pound Sterling 100,000 divided into 100,000 Ordinary Shares of Pound Sterling 1 each
Shareholders:	Nabors Drilling and Energy Services (UK) Limited 99,999 Ordinary Shares of Pound Sterling 1 each P&W Trustees (Aberdeen) Limited - 1 Ordinary Share of Pound Sterling 1
Accounting Reference Date:	30 September
Directors:	Garry Robert Allan Larry Philip Heidt Ewan Angus McLeod Angus Petrie
Secretary:	Garry Robert Allan

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SCHEDULE 2

CONSOLIDATED WORKING CAPITAL STATEMENT - ACCOUNTING PRINCIPLES

The Working Capital Statement shall be prepared on the following basis:-

1. GENERAL REQUIREMENTS

(a) as if the period from 30 September 1995 to the Closing Date were a financial period of the Target Group;

(b) in accordance with the requirements of all relevant statutes and generally accepted accounting principles and practices in the United Kingdom.

2. SPECIFIC REQUIREMENTS

(a) TAX

including full provision for Taxation (including deferred tax) up to and including the Closing Date and for the avoidance of doubt shall include corporation tax due, if any, as a result of (i) the transfer of Excluded Assets as detailed in Section 5.6 (ii) the repayment or discharge of indebtedness due to any bank or financial institution as detailed in Section 5.5 (iii) the cancellation or discharge or the intercompany loan account and all accounts due to HM Customs and Excise in respect of their enquiry into breaches of rules of the Company's IPR System, as detailed in the Disclosure Letter;

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(b) PROVISION FOR EMPLOYEES

including full provision to the extent required by GAAP for redundancy and all other employees costs engaged on the Elf and Oryx Contracts.

(c) STOCK

Stocks are stated at the lower of cost and net realisable value. In general cost is calculated on an average cost basis. Net realisable value is calculated by reference to the estimated selling prices less cost of realisation.

Provision is made for obsolescent and slow moving stocks against specific stock items identified by management of the company, when the stock is considered to be of nil operational value.

(d) DEBTORS

Sales regarding labour are recognised in accordance with terms of contracts. Sales regarding equipment hire are recognised on a daily basis.

Incentive well profit is recognised in the month in which the well is determined to have been completed.

Foreign currency sales are translated at the average rate ruling in the month of the work being carried out.

Trade debtors are stated at their invoice value after any provision for bad or doubtful debts. A debtor is considered receivable on the earliest date on which payment is due, rather than on the earliest date on which payment is expected.

Provision for bad debts is considered after a monthly review of the aged debt report. Where customers have become insolvent or in liquidation provision is made in full. When payment is overdue management adopt standard credit control procedures. When these procedures are exhausted full provision is made.

Intercompany balances representing transactions with group companies are reconciled and agreed on a monthly basis.

Prepayments are calculated on a time apportionment basis by amounts paid pre year end which relate to post year end.

Accrued income includes work that has been carried out pre year end, but for which a sales invoice has not been raised by the year end.

(e) CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash in hand and deposits denominated in foreign currencies translated into sterling at the period end rate of exchange. Deposits are included where they are repayable on demand with any bank.

(f) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Liabilities are recognised when the goods or services have been received.

Trade creditors represent amounts owed to suppliers of goods and services which have been approved for payment and processed through the purchase ledger for payment.

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Loan creditor relates to the amount that is repayable within one year.

Corporation tax creditor relates to the tax charge for the year, and any prior years that have not yet been paid.

PAYE and social security creditor relates to the liability for the last month of the year to be paid the following month. Also any other PAYE and National Insurance liabilities that have not been paid.

Accruals represent the costs of goods received or services provided where these have not been processed through the purchase ledger.

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SCHEDULE 3
CONTRACTS

(1) Contract BRT1 - XA1 - Detail Design of Drilling Facilities and Drilling Operations and Maintenance.

Parties: Chevron U.K. Limited (1)
Nabors Drilling & Energy Services U.K. Limited (2)

Date: 1 November 1994

As amended by Amendment numbers 1 to 4 to Contract No. BRT1 XA1 dated 1 November 1994, 1 April 1995, 1 September 1995 and 11 March 1996 respectively. (Refer to paragraph 11.1 of Schedule 8)

(2) Contract ALB-1038 - Alba Field Development Northern Platform.

Parties: Chevron U.K. Limited (1)
Loffland Nabors U.K. Limited (now NDESL) (2)

Date: 28 October 1991

As amended by Amendment numbers 1 to 4 and 6 to 8 to Contract ALB - 1038 dated 5 March 1992, 23 November 1992, 22 February 1993, September 1993, 1 September 1994, 22 November 1994 and 1 October 1994 respectively. (Refer to paragraph 11.1 of Schedule 8)

(3) Contract CNS-7174 - Integrated Drilling Services and Well Services - Ninian Field Operations.

Parties: Chevron U.K. Limited (1)
Nabors Drilling & Energy Services U.K. Limited (2)

Date: 1 January 1994

As amended by Amendment numbers 1 to 3 to Contract CNS - 7174 dated 22 November 1994, 1 January 1995 and 1 July 1995 respectively. (Refer to paragraph 11.1 of Schedule 8)

(4) Contract W038 - Drilling, Well Intervention and Rig Maintenance Services on the Hutton and Murchison Platforms.

Parties: Oryx U.K. Energy Company (1)
Nabors Drilling & Energy Services U.K. Limited (2)

Date: 23 February 1995

(5) Contract C.A. 7400 - Provision of Platform Drilling Services.

Parties: Elf Enterprise Caledonia Ltd. (1)
Nabors Drilling & Energy Services U.K. Limited (2)

Date: 15 July 1995

As amended by Amendment number 1 to Contract CA. 7400 dated 24 April 1996. The letter referred to at Document 7.1/a/3/2 constitutes a de facto amendment to Contract CA. 7400. (Refer to paragraph 11.1 of Schedule 8)

SCHEDULE 4

PART 1 - EXCLUDED EMPLOYEES

L. Heidt
E. Nelson
J. Bruce
C. Simpson
R. Morrison

PART 2 - EMPLOYEES INCLUDED IN REDUNDANCY ADJUSTMENT

<TABLE>
<CAPTION>

NAME	TOTAL
<S>	<C>
Janet Ogg	12,175,05
Shaun Huo	4,781.50
Fiona Hay	2,521.75
Else Salem	1,927.22
Charlie Kidd	5,090.67
Charlie Kidd	11,000.00
Donna Cook	1,507.57
Dan Wilton	7,386.98
Calum Macdonald	3,904.80
Laura Cameron	752.56
Ian Penman	10,968.26
Alistair Currie	4,779.11
Stuart Souter	1,428.56
Jimmy White	20,000.00
TOTALS	88,224.03

</TABLE>

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SCHEDULE 5
EXCLUDED ASSETS

Part 1 - Residential Property:

a) Dwellinghouse located at 5 Milltimber Brae East, Milltimber, Aberdeen

b) Dwellinghouse located at 134 Deeside Gardens, Aberdeen

Part II - Assets assigned to US Branch:

The drilling rigs identified below together with pipe and all related assets and supplies located and supplied in the USA including receivables and trade payables:

(i) Drilling Rig No. 518, a Gardner Denver 1500.-E, located in the United States.

(ii) Drilling Rig No. 90, a National 100-UE, located in the United States.

(iii) Drilling Rig No. 93, a Gardner Denver 1320-UE, located in the United States.

(iv) Drilling Rig No. 273, a National 1320-UE, located in the United States.

Part III - Bids, tenders, proposals and information of a like nature relating to:

(i) The activities of Sundowner and its technology.

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(ii) The activities of Canrig and its technology.

(iii) BHP Prirazlomnoye Project.

(iv) Texaco Mariner Project.

(v) All other bids, tenders and proposals and related working papers prepared by the Target Group, or any of them, which have not resulted in a contract being awarded to the Target Group, or any of them, and whose validity has expired by reason of the passing of time.

Part IV - Paloak Shares

99,900 shares of L.1 each in Paloak Limited

The Gleneagles Oilman's (AOGA) Sponsorship

SCHEDULE 6
PROPERTIES

1. Lease of Main Building - sites 15 & 23 Kirkton Avenue Pitmedden Road Industrial Estate, Dyce, Aberdeen.

   Date: 21 October 1981 and 9 November 1981

   Parties: Kabell (Management and Development) Limited (1)
   Loffland Brothers North Sea Inc. (2)

2. Lease of Site 19 Pitmedden Road Industrial Estate, Dyce, Aberdeen.

   Date: 10 January 1992 and 5 February 1992

   Parties: The Grampian Regional Council (1)
   Loffland Nabors U.K. Limited (2)

3. Lease of sites 21 & 22 Pitmedden Road Industrial Estate, Dyce, Aberdeen

   Date: 25 November 1991 and 23 December 1991

   Parties: The Grampian Regional Council (1)
   Loffland Nabors U.K. Limited (2)

4. Lease of Unit 6, International Base, Greenwell Road, East Tullos, Aberdeen.

Date: 26 June 1992 and 6 July 1992

Parties: Citygate Court Property Limited (1)
Thistle Well Services Limited (2)

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5. Lease of Units 7 and 8 and Office Suites 1 and 4, International Base, Greenwell Road, East Tullos, Aberdeen.

Date: 4 August 1989 and 19 August 1989

Parties: Scarborough and Aberdeen Property Company Limited (1)
Thistle Well Services Limited (2)

6. Lease of Unit 2, International Base, Greenwell Road, East Tullos, Aberdeen.

Date: 24 May 1981 and 14 June 1981
Parties: Citygate Court Property Company Limited (1)
Thistle Well Services Limited (2)

7. Office Suite 6, International Base, Greenwell Road, East Tullos, Aberdeen

Date: 26 June 1992 and 6 July 1992

Parties: Citygate Court Property Company Limited (1)
Thistle Well Services Limited (2)

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LIST OF DOCUMENTS RELATING TO THE PROPERTIES TO BE DELIVERED TO THE BUYER AT CLOSING

(a) UNIT 2, INTERNATIONAL BASE, GREENWELL ROAD, EAST TULLOS INDUSTRIAL ESTATE, ABERDEEN

1. Extract registered Lease between Citygate Court Property Co Ltd and Thistle Well Services Ltd registered 12th July 1991.

2. Extract registered Assignation by Thistle Well Services Ltd in favour of

Coldeal Ltd registered 18th February 1993.

3. Copy Sub-Lease between Thistle Well Services Ltd and Nodeco Ltd dated 28th May and 22nd August 1996.

4. Letter of Consent dated 14th May 1996 from Landlord to the sub-lease between Thistle Well Services Ltd and Nodeco Ltd, with Thistle Well Services Ltd's acceptance.

5. Correspondence relating to installation of crane and testing chamber comprising letter from City of Aberdeen Planning Department dated 8th November 1989 and letter from Ashley Property Consultants dated 14th November 1989.

6. Copy planning permission dated 7th June 1995 relating to construction of unit loading canopy over door opening.

7. Copy planning permission dated 27th September 1995 relating to proposed toilets and changing room.

8. Copy building warrant B95/1448.

9. Copy building warrant B95/1449.

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10. Copy executed an Assignation by Thistle Well Services Ltd in favour of Nabors Drilling and Energy Services (UK) Ltd with consent of Citygate Court Property Co Ltd dated 16 September 1996 and 8 October 1996.

(b) UNIT 6, INTERNATIONAL BASE, GREENWELL ROAD, EAST TULLOS INDUSTRIAL ESTATE, ABERDEEN

1. Extract registered Lease between Citygate Court Property Co Ltd and Thistle Well Services Ltd, registered 10th August 1992,

2. Extract registered Assignation by Thistle Well Services Ltd in favour of Coldeal Ltd, registered 18th February 1993.

3. Copy offer of sub-lease by Paull & Williamsons on behalf of Nabors Drilling and Energy Services (UK) Ltd to Oil Tech Trading Ltd.

4. Copy executed an Assignation by Thistle Well Services Ltd in favour of Nabors Drilling and Energy Services (UK) Ltd with consent of Citygate Court Property Co Ltd dated 16 September 1996 and 8 October 1996.

(c) UNITS 7 & 8 AND OFFICE SUITES 1 & 4, INTERNATIONAL BASE, GREENWELL ROAD, EAST TULLOS INDUSTRIAL ESTATE, ABERDEEN

1. Extract registered Lease between Scarborough & Aberdeen Property Co Ltd and Thistle Well Services Ltd registered 5th September 1989.

2. Extract registered Minute of Agreement recording a review of rent between Citygate Court Property Co Ltd and Thistle Well Services Ltd registered 2Oth September 1991.

3. Extract registered Assignation by Thistle Well Services Ltd in favour of Coldeal Ltd registered 18th February 1993.

4. Copy building warrant B92/1589 with copy completion certificate dated 14th July 1992 relating thereto (alterations to office suites 1 & 4).

5. Letter of Consent from Ashley Property Consultants dated 7th December 1988 re connecting door between Units 7 & 8.

6. Copy letter dated 16th June 1992 from Citygate Court Property Co Ltd re minor alterations to office suite 1 June/July 1991.

7. Coloured copy lease plan.

8. Photocopy Schedule of Condition in respect of Unit 7 prepared by F.G. Burnett (undated).

9. Copy executed an Assignation by Thistle Well Services Ltd in favour of Nabors Drilling and Energy Services (UK) Ltd with consent of Citygate Court Property Co Ltd dated 16 September 1996 and 8 October 1996.

(d) OFFICE SUITE 6, INTERNATIONAL BASE, GREENWELL ROAD, EAST TULLOS INDUSTRIAL ESTATE, ABERDEEN

1. Photocopy draft Lease between Citygate Court Property Co Ltd and Thistle Well Services Ltd.

2. Copy missives of lease (four letters) dated 16th March 1992 and subsequent dates.

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3. Extract registered Assignation by Thistle Well Services Ltd in favour of Coldeal Ltd registered 18th February 1993.

4. Letter from Citygate Court Property Co Ltd dated 27th March 1992 re formation of new doorway between office suites 4 & 6.

5. Copy executed an Assignation by Thistle Well Services Ltd in favour of Nabors Drilling and Energy Services (UK) Ltd with consent of Citygate Court Property Co Ltd dated 16 September 1996 and 8 October 1996.

(e) INTERNATIONAL BASE- MISCELLANEOUS

1. Photocopy completion certificate dated 14th May 1990 re building warrant B89/2709 dated 22nd December 1989.

2. Interim Reports on Search against Thistle Well Services Ltd number 74490 from date of incorporation to 7th July 1992.

3. Interim Reports on Search against Thistle Well Services Ltd from 29th June 1987 to 8th July 1992.

(f) SITES 15 AND 23 PITMEDDEN ROAD INDUSTRIAL ESTATE, DYCE, ABERDEEN

1. Photocopy extract registered Lease between the Grampian Regional Council and Kabell (Management & Development) Ltd recorded DGRS (Aberdeen) 18th August 1981 (Site 15).

2. Photocopy extract registered Lease between the Grampian Regional Council and Kabell (Management & Development) Ltd recorded said DGRS 18th August 1981 (Site 23).

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3. Photocopy completed Lease between Kabell (Management and Development) Ltd and Loffland Brothers North Sea Inc dated 21st October and 9th November 1981 (various areas of ground generally comprising Units 15 and Units 23) (two copies).

4. Photocopy extract registered Minute of Agreement between Kabell (Management & Development) Ltd and Loffland Brothers North Sea Inc registered 2nd October 1984.

5. Photocopy extract registered Minute of Agreement between the Governor

and Company of the Bank of Scotland and Loffland Brothers North Sea Inc registered 16th June 1989.

6. Photocopy Sub-Lease between Loffland Brothers North Sea Inc and Loffland Nabors UK Ltd dated 21st September 1990.

7. Extract registered Minute of Agreement incorporating Assignation and Variation of Lease between Loffland Brothers North Sea Inc and Nabors Drilling & Energy Services UK Ltd and Albany Life Assurance Co Ltd registered 12th January 1996 (two extracts - one with formal intimation attached).

8. Quick copy Disposition by Commissioner for John Gordon and Another with consents to John Mcintosh and Another recorded in the Sasines Register for the County of Aberdeen on 18th May 1921.

9. Quick copy Deed of Servitude by Commissioner for John Gordon and Another to the County Council of the County of Aberdeen recorded said Register of Sasines 26th September 1925.

10. Quick copy Disposition by Trustees of James Mcintosh to Robert Lawson & Sons (Dyce) Ltd recorded DGRS {Aberdeen) 5th April 1967.

11. Quick copy Deed of Servitude containing Disposition by Trustees of James McIntosh to Robert Lawson & Sons (Dyce) Ltd registered DGRS (Aberdeen) 9th May 1967.

12. Quick copy Disposition by Trustees of James McIntosh to Robert Lawson & Sons (Dyce) Ltd registered DGRS 5th April 1967.

13. Quick copy Disposition by Trustees of James McIntosh to Dee & Don River Purification Board registered DGRS (Aberdeen) 9th July 1969.

14. Property enquiry certificate issued by City of Aberdeen District Council dated 29th January 1991 re Units 21 and 22 Kirkton Avenue, Pitmedden Industrial Estate, Aberdeen.

(g) SITE 19 PITMEDDEN ROAD INDUSTRIAL ESTATE, DYCE, ABERDEEN

1. Extract registered Lease between the Grampian Regional Council and Loffland Nabors UK Ltd recorded DGRS (Aberdeen) 6th March 1992.

(h) SITES 21 AND 22 PITMEDDEN ROAD INDUSTRIAL ESTATE, DYCE, ABERDEEN

1. Extract registered Lease between the Grampian Regional Council and Loffland Nabors U.K. Ltd recorded DGRS (Aberdeen) 10th February 1992.

2. Miscellaneous prior titles re Site 21 Pitmedden Road Industrial Estate, Dyce, Aberdeen.

3. Miscellaneous prior titles re Site 22 Pitmedden Road Industrial Estate, Dyce, Aberdeen.

SCHEDULE 7
TAX COVENANT

1. INTERPRETATION

1.1 In this Schedule unless the context otherwise requires:-

"Buyer's Relief" means:

(a) any Relief which arises in respect of, by reference to or in consequence of any income profits or gains earned, accrued or received after Closing and any Event occurring after Closing;

(b) any Relief which is taken into account in computing and so reducing or eliminating any provision for deferred Taxation which appears in the Consolidated Working Capital (or which, but for such Relief, would have appeared in the Consolidated Working Capital); and

(c) any Relief which is treated as an asset in the Consolidated Working Capital;

"Claim for Taxation" means any assessment, notice, demand, letter or other document issued by or action taken by or on behalf of any Taxation Authority or any circumstances indicating that the Company or any of its Subsidiaries is or may be placed or is

sought to be placed under a Liability for Taxation;

"Event" means any event, act, failure, omission (including the failure to make sufficient distributions to avoid an apportionment or deemed distribution of income), transaction (including the sale of the Shares pursuant to this Agreement), or change in residence, whether or not the Company or any of its Subsidiaries was a party thereto;

"Liability for Taxation" means:

(a) any liability (including a liability which is a primary liability of some other person and whether or not there is a right of recovery against another person) to make an actual payment or increased payment of Taxation;

(b) any liability (including a liability which is a primary liability of some other person and whether or not there is a right of recovery against another person) to make a payment or increased payment of Taxation which would have arisen but for being satisfied, avoided or reduced by any Buyer's Relief; and

(c) the disallowance, loss, clawback, reduction, restriction or modification of

any Buyer's Relief within paragraph (b) or (c) of the definition of Buyer's Relief;

"Relief" includes any relief, saving, allowance, deduction, exemption or set-off relevant to the computation of any Liability for Taxation, any credit against Taxation or any right to a repayment of Taxation;

"Taxation" includes (without limitation):

(a) within the United Kingdom advance corporation tax, capital gains tax, corporation tax, customs and excise duties, income tax (including PAYE), inheritance tax, insurance premium tax, national insurance contributions, petroleum revenue tax, rates and community charge, stamp duty, stamp duty reserve tax and VAT;

(b) outside the United Kingdom (and in particular in the United States of America), all taxes on gross or net income, profits or gains and taxes on receipts, sales, use, occupation, franchise, value added and personal property;

(c) all former taxes and all other levies, imposts, duties, charges or withholdings in the nature of taxes imposed by any Taxation Authority;

(d) any payment which the Company or any of its Subsidiaries may be or become bound to make to any person in respect of any taxation or as a result of any enactment relating to any taxation and any obligation to repay any payment received for group relief, surrenders of advance corporation tax or refunds of taxation; and

(e) all interest, penalties, fines and other charges arising out of the above or to a failure to make any return or supply any information in connection with any of the above;

"Taxation Authority" means the Inland Revenue, HM Customs & Excise, the Department of Social Security and any other body having functions in relation to the administration and collection of Taxation whether in the United Kingdom or elsewhere.

1.2 In interpreting this Schedule:

1.2.1 words and expressions defined elsewhere in this Agreement shall have the same meanings in this Schedule except where otherwise provided or expressly defined in this Schedule and, unless the context otherwise requires, Section 1.3 of this Agreement shall apply to the interpretation of this Schedule;

1.2.2 any reference to income, profits or gains earned, accrued or received or an Event which has occurred includes income,

profits or gains deemed to have been or treated as or regarded as earned, accrued or received or an Event deemed to have or treated as having or regarded as having occurred, as the case may be.

2. COVENANT TO PAY

The Seller covenants with the Buyer to pay to the Buyer an amount equal to:

2.1 any Liability for Taxation of the Company or any of its Subsidiaries in respect of, by reference to or in consequence of:

2.1.1 any income, profits or gains earned, accrued or received on or before Closing; or

2.1.2 any Event which occurred on or before Closing;

2.2 any Liability for Taxation of the Company or any of its Subsidiaries under sections 190 and 191 TCGA, section 132 Finance Act 1988, section 214 ICTA or section 96(8) Finance Act 1990 which would not have arisen but for any act or omission of any company (other than (i) any Company which at the time the Liability for Taxation arises is an Affiliate of the Buyer or (ii) the Company or any of its Subsidiaries) which was at any time before Closing a member of the same group of companies as the Company or any of its Subsidiaries for any Taxation purposes;

2.3 any Liability for Taxation of the Company or any of its Subsidiaries under section 767A ICTA by reason of corporation tax assessed on any company (other than (i) any Company which at the time the Liability for Taxation arises is an Affiliate of the Buyer or (ii) the Company or any of its Subsidiaries) and remaining unpaid where the company in question is or was under the control of any person who has at any time prior to

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Closing had control of the Company or any of its Subsidiaries (within the meaning in section 767B(4) ICTA);

2.4 any Liability for Taxation of the company or any of its Subsidiaries arising as a result of the transfer of the Excluded Assets prior to Closing pursuant to clause 5.6 of the Agreement;

2.5 any Liability for Taxation of the Company or any of its Subsidiaries arising in respect of any operations carried on in the United States of America prior to Closing;

2.6 any costs reasonably and properly incurred by the Company or any of its Subsidiaries in connection with any liability falling within 2.1 to 2.5 above.

3. EXCLUSIONS

The Covenant contained in paragraph 2 shall not apply and the Buyer shall have no claim against the Seller under it to the extent that:

3.1 provision or reserve in respect of the liability in question is made in the Financial Statements or that payment or discharge of such liability has been taken into account therein or in determining the amount of the Consolidated Working Capital;

3.2 the Buyer has recovered damages from the Seller for breach of any of the Warranties in respect of the same liability or otherwise pursuant to the Agreement;

3.3 the liability in question arises as a result of a change in rates of Taxation or a change in legislation relating to Taxation or a change in any extra statutory concession or the published practice of any

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Taxation Authority, made, in each case, after Closing and with retrospective effect;

3.4 the claim would result in the maximum aggregate liability of the Seller set out in Clause 8.1 (Liability under Representatives and Warranties) of this Agreement being exceeded;

3.5 the claim is made outside the time limit contained in Clause 8.4 of this Agreement;

3.6 such claim would not have arisen but for a change in the treatment of assets and liabilities or of the Taxation attributable to timing differences (including capital allowances) in future accounts of the Target Group or but for any other change in the accounting bases upon which the Target Group prepares its future accounts except to the extent necessary to rectify any non-compliance with GAAP as at the date of this Agreement;

3.7 such claim would not have arisen but for an omission, act or transaction (other than an omission, act or transaction carried out pursuant to a legally binding obligation created on or before Closing) occurring after Closing otherwise than in the Ordinary Course of Business which the Buyer knew or ought reasonably to have known would give rise to the liability in question;

3.8 such claim would not have arisen or would have been reduced or eliminated but for a failure on the part of any member of the Target Group to make any claim, election, surrender or disclaimer or give any notice or consent or do any other thing after Closing the making, giving or doing of which was taken into account in preparing the Financial Statements or determining the Consolidated Working Capital and which was reasonably apparent from the face thereof;

3.9 to the extent that the claim or breach would not have arisen but for some act, omission, transaction or arrangement whatsoever carried out at the written request of the Buyer prior to Closing;

4. AMOUNT OF LIABILITY FOR TAXATION

The amount of any Liability for Taxation shall be as follows:

4.1 to the extent that a Liability for Taxation involves a liability of the Company or any of its Subsidiaries to make an actual payment or increased payment of Taxation, the amount of such payment or increased payment;

4.2 to the extent that a Liability for Taxation involves a liability of the Company or any of its Subsidiaries to make a payment or increased payment of Taxation which would have arisen but for being satisfied, avoided or reduced by any Buyer's Relief, the amount of Taxation which the Buyer's Relief in fact saves;

4.3 to the extent that a Liability for Taxation involves the disallowance, loss, clawback, reduction, restriction or modification of any Buyer's Relief (other than a right to a repayment of Taxation) which has been taken into account in the Consolidated Working Capital, the amount by which the working capital of the Company or its Subsidiaries as shown in the Consolidated Working Capital Statement would have been reduced but for the presumed availability of the Buyer's Relief; and

4.4 to the extent that a Liability for Taxation involves the disallowance or reduction by any Taxation Authority of a right to a repayment of Taxation, the amount of the repayment so disallowed or lost.

5. TIME FOR PAYMENT

5.1 Any amount which the Seller is obliged to pay to the Buyer under this Schedule shall be paid in cleared funds on or before the following dates (or, if later, the fifth Business Day after the Buyer notifies the Seller of the relevant Claim in accordance with paragraph 6.1):

5.1.1 in the case of a Liability for Taxation which involves a liability of the Company or any of its Subsidiaries to make an actual payment or increased payment of Taxation, the fifth Business Day prior to the date on which the Taxation is due and payable to the relevant Taxation Authority;

5.1.2 in the case of a Liability for Taxation which involves a liability of the Company or any of its Subsidiaries to make a payment or increased payment of Taxation which would have arisen but for being satisfied, avoided or reduced by the use by the Company or any of its Subsidiaries of any Buyer's Relief, the fifth Business Day prior to the date on which the Taxation would have been payable to the relevant Taxation Authority;

5.1.3 in the case of a Liability for Taxation which involves the disallowance or reduction by any Taxation Authority of a right to repayment of Taxation, the fifth Business Day after the date on which such repayment of Taxation would otherwise have been due to be made by such Taxation Authority; and

5.1.4 in any other case, the fifth Business Day after service by the Buyer to the Seller of a written demand for payment.

5.2 If any amount payable by the Seller to the Buyer under this Schedule is

not paid on or before the due date for payment, that sum shall carry

interest at the rate of 2 per cent above the base lending rate of National Westminster Bank plc from the due date until payment.

6. CONDUCT OF CLAIMS

6.1 If the Buyer becomes aware of any Claim for Taxation which could give rise to a claim being made by the Buyer under this Schedule or the warranties contained in Clause 9 of Schedule 8 of the Agreement it shall notify the Seller as soon as reasonably practicable.

6.2 The Buyer agrees (if the Seller indemnifies and secures the Buyer and the Company or any of its Subsidiaries to the reasonable satisfaction of the Buyer against any loss, liability, costs or damages which may thereby be incurred including the Taxation the subject matter of the Claim) to take and procure that the Company or any of its Subsidiaries shall take such action and give such information and assistance as the Seller may reasonably request to resist, appeal or compromise any Claim for Taxation notified to the Seller in accordance with paragraph 6.1.

6.3 The action which the Seller may request under paragraph 6.2 shall include the Buyer or the Company or any of its Subsidiaries applying to postpone (so far as legally possible) the payment of any Taxation and allowing professional advisers nominated by the Seller (subject to approval by the Buyer, such approval not to be unreasonably withheld or delayed) to take over at the Seller's own expense the conduct of all negotiations and proceedings in connection with the Claim for Taxation.

6.4 The Seller shall keep the Buyer fully informed as to any action taken or postponed to be taken in conjunction with the conduct of all negotiations and proceedings of whatever nature arising in connection with the such dispute and all other relevant matters and shall supply to

the Buyer in advance copies of all returns and communications proposed to be made to any Taxation Authority.

7. RELIEFS

7.1 If the auditors for the time being of the Company or its Subsidiaries shall determine (at the request and expense of the Seller) that any Liability for Taxation which has resulted in a payment having been made by the Seller under this Schedule or the Warranties contained in Clause 9 of Schedule 8 of the Agreement has given rise to a Relief for the Company, any of its Subsidiaries or the buyer which would not otherwise have arisen or subject to Clause 8.2 that the provision for Taxation in the Consolidated Working Capital Statement was an overprovision, then, as and when the liability of the Company, its Subsidiaries or the Buyer to make an actual payment of or in respect of Taxation is reduced by reason of that Relief or a payment is received in respect of a Relief (after taking account of the effect of all other Reliefs that are or become available to the Company, its Subsidiaries or the Buyer including any Relief derived from a subsequent accounting period) from the amount that that liability would have been but for the availability of that Relief, (or in the case of an overprovision forthwith upon the determination of the auditors) the amount by which that liability is so reduced or the amount of the payment or the amount of the overprovision shall be dealt with in accordance with paragraph 7.3.

7.2 The amount of the overprovision shall be calculated on the basis that no overprovision may arise or be increased by:-

7.2.1 a retrospective change in the law of Taxation announced after Closing;

7.2.2 any Relief arising after Closing; or

7.2.3 any act of the Buyer or the Company carried out after Closing except if any of clause 3.7, clause 3.8, or clause 3.9 hereof are applicable.

7.4 Where it is provided under paragraph 8.1 that any amount (the "Relevant Amount") is to be dealt with in accordance with this paragraph:-

7.4.1 the Relevant Amount shall first be set off against any payment then due from the Seller under this Schedule or under the Agreement in respect of the Warranties contained in clause 9 of Schedule 8 of the Agreement; and

7.4.2 to the extent there is an excess of the Relevant Amount over any payment referred to in clause 7.4.1 hereof, a refund shall be made to the Seller of any previous payment or payments made by

the Seller under this Schedule or under the Agreement in respect of the Warranties contained in clause 9 of Schedule 8 of the Agreement and not previously refunded under this paragraph up to the amount of such excess; and

7.4.3 to the extent that the excess referred to in paragraph 7.4.2 is not exhausted under that paragraph, except in the case of an overprovision the remainder of that excess shall be carried forward and set off against any future payment or payments which become due from the Seller under this Schedule or under the Agreement in respect of the Warranties contained in clause 9 of Schedule 8 of the Agreement and in the case of an overprovision the amount of the excess shall be paid to the Seller forthwith.

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7.4 The Buyer shall use its reasonable endeavours to procure that the auditors make a timely determination when requested to do so by the Seller for the purposes of paragraph 7.1 hereof.

7.5 For the avoidance of doubt, the amount of any overprovision shall include not only the amount of any provision for Taxation in the Consolidated Working Capital to the extent the same is determined to have been an overprovision, but also the amount of any Tax Refund of any Company arising as a result of any Event on or before Closing, to the extent the same was not reflected in the Consolidated Working Capital or exceeds the amount of any Tax Refund reflected in the Consolidated Working Capital other than any Tax Refund received in connection with the litigation referred to in Section 6.2 of the Agreement. Where the auditors determine no Tax Refund has been received or that a Tax Refund has been received and in either case the amount is less than that provided in the Consolidated Working Capital, the amount of such shortfall shall be treated as reducing any overprovision for Taxation.

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8. CLAIMS AGAINST THIRD PARTIES

8.1 Where the Seller has made a payment under this Schedule or the Warranties contained in clause 9 of Schedule 8 of the Agreement and the Company or any of the Subsidiaries is entitled to recover from any third party (including a Taxation Authority but excluding the Buyer, the

Company or any of the Subsidiaries) any sum in respect of the matter to which the payment made by the Seller relates (including recoveries by way of discount, credit or set-off), the Buyer shall or shall procure that the Company or any of its Subsidiaries shall (at the request and expense of the Seller and upon the Seller indemnifying and securing the Buyer, the Company and its Subsidiaries against all costs or expenses which may thereby be incurred) subject to paragraph 8.3, take such action as the Seller may reasonably request to enforce such recovery against the person in question.

8.2 The Buyer shall account to the Seller for any sums recovered in accordance with paragraph 8.1 (including any interest or repayment supplement paid by such a person) net of Taxation (if any) on such sum and after deduction of any costs or expenses reasonably incurred by the Buyer, the Company or any of its Subsidiaries in recovering such sum, provided that the amount paid by the Buyer under this paragraph (excluding interest or repayment supplement) shall not exceed the amount paid by the Seller in respect of the relevant claim under Warranties contained in clause 9 of Schedule 8 of the Agreement.

9. TAXATION ON PAYMENTS BY SELLER

9.1 All payments by the Seller under this Schedule shall be made in full without any deduction or withholding (whether in respect of Taxation, set-off, counter claim or otherwise) unless the deduction or withholding is required by law, in which case the Seller shall forthwith pay to the Buyer such additional amount as will ensure that the Buyer receives a net amount equal to the full amount which it would have received but for such deduction or withholding. The Buyer shall account to the Seller for the benefit of any credit obtained by the Buyer in respect of the deduction or withholding.

9.2 If any payment received by the Buyer under this Schedule is subject to Taxation, the Seller shall pay to the Buyer such additional amount (after taking into account any Taxation payable in respect of such additional amount) as will ensure that the Buyer receives a net amount equal to the full amount which it would have received had the payment not been subject to Taxation.

9.3 The provisions of paragraph 9 shall not apply to interest payable under paragraph 5.2

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10. ASSIGNMENT

The benefit of the provisions of this Schedule 10 shall not be assigned by the Buyer.

11. BUYER'S INDEMNITY

11.1 The Buyer agrees to indemnify the Seller against any liability which the Seller may incur under section 767A and section 767B ICTA as a result of a failure by the Company or any of the Subsidiaries to discharge any liability for Taxation for which provision has been made in the Consolidated Working Capital Statement (for itself and as agent for any company controlled by the Seller).

11.2 The Seller shall use any amount paid by the Buyer pursuant to clause 11.1 to discharge the liability for Taxation which has given rise to the Claim.

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SCHEDULE 8
WARRANTIES

1. ORGANIZATION, QUALIFICATION, AND CORPORATE POWER

Each of the Company and its Subsidiaries is a company duly organized and validly existing under the laws of the jurisdiction of its incorporation. Each of the Company and its Subsidiaries is duly authorised to conduct business in the United Kingdom. Each of the Company and its subsidiaries is duly authorised under the laws of each jurisdiction where such qualification is required, except where the lack of such qualification would not have a material adverse effect on the financial condition of the Company and its Subsidiaries taken as a whole. Each of the Company and its Subsidiaries has full corporate power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it. Schedule 1 lists the directors and secretary of each of the Company and its Subsidiaries.

2. CAPITALIZATION

The Seller owns the entire legal and beneficial interest in the Company Shares free and clear of Encumbrances. The Company Shares constitute the whole of the Company's allotted and issued share capital and are fully paid or credited as

fully paid. There are no outstanding or authorised options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments that could require the Company or any of the Subsidiaries to issue, sell, or otherwise cause to become outstanding any of its share capital. There is no Encumbrance on, over or affecting any of the Company Shares or any unissued shares, debentures or other securities of any member of the Target Group and no person has, or has claimed, the right (whether exercisable now or in the future and whether contingent or not) to call for the issue or transfer of any shares, debentures or other securities of any member of the Target Group.

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3. NONCONTRAVENTION

Neither the execution and the delivery of this Agreement, nor any of the Ancillary Documents nor the consummation of the transactions contemplated hereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which any of the Company and its Subsidiaries is subject or (ii) violate any provision of the Memorandum or Articles of Association of any of the Company and its Subsidiaries or (iii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which any of the Company and its Subsidiaries is a party or by which it is bound or to which any of their respective assets is subject (or result in the imposition of any Encumbrance upon any of their respective assets) or (iv) of itself result in the creation of an Encumbrance on any of the assets of the Target Group; or (v) of itself result in any member of the Target Group losing the benefit of any Licence. None of the Company and its Subsidiaries needs to give any notice to, make any filing with, or obtain any authorisation, consent, or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement.

4. BROKERS' FEES

None of the Company and its Subsidiaries has any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

5. ASSETS AND STOCK

5.1 All assets included in the Financial Statements or acquired by the Company or its Subsidiaries since the Accounts Date and all assets owned by the Company and each Subsidiary are:-

(i) legally and beneficially owned by the Target Group free from any Encumbrance;

(ii) in the possession or under the exclusive control of the Target Group; and

(iii) where subject to a requirement for a Licence, duly licensed or registered in the sole name of a member of the Target Group.

5.2 The Asset register marked "A" attached to the Disclosure Letter comprises a record which is true, complete and accurate as to the plant, machinery, equipment and vehicles owned by or leased to each member of the Target Group and actively used in the performance of its business.

5.3 All equipment (other than the Drill Pipe and Instrumentation, in respect of which no such warranty is given) owned by or leased to the Target Group or parties to the Contracts (other than the Target Group) which is located on the relevant platforms on which services are being provided pursuant to the Contracts at the date of this Agreement and which is required for the performance of such services has been maintained in accordance with good oilfield practice.

5.4 No member of the Target Group is a party to a lease or hire, agreement in respect of the assets listed in the asset register marked "A" attached to the Disclosure Letter, nor party to any such agreement in respect of any other assets under which there is an obligation to make an annual payment in excess of Pound Sterling 50,000 or a hire purchase, credit

sale or conditional sale agreement, under which there is an outstanding obligation to make payments in excess of Pound Sterling 50,000.

5.5 No member of the Target Group has purchased any raw materials or finished products on terms that title thereto does not pass until full payment is made.

6. SUBSIDIARIES

6.1 Schedule 1 sets forth for the Company and each Subsidiary as a true and complete record of (i) its name and registered office, (ii) its authorised and issued share capital of each class, and (iii) the names of the registered holders of the issued shares and the number of shares held by each such holder. All of the shares of the Company and each Subsidiary have been duly authorised, validly issued and are fully paid. Neither the Company nor any Subsidiary currently holds or has at any time held any shares or any interest therein in any other company (save for the Company's holding of shares in the Subsidiaries).

6.2 TWSL is and has been since the Accounts Date dormant as defined in Section 250(3) of the Act.

7. FINANCIAL STATEMENTS

7.1 Attached to the Disclosure Letter are the Financial Statements and the Most Recent Financial Statements. The Financial Statements (including the notes thereto) and the Most Recent Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period covered thereby and present a true and fair view of the financial condition of the Company and its Subsidiaries as of such dates and the results of the operation of the Company and its Subsidiaries for such periods PROVIDED, HOWEVER, that the Most Recent Financial Statements are subject to normal year-end adjustments and lack footnotes and other presentation items and do not include any income, expenditure or capital sum referable to the U.S. branch assets as described in Schedule 5.

7.2 The Financial Statements have been prepared on a basis and using accounting conventions, standards, principles and practices which are consistent in all material respects for the three financial years ended on the Accounts Date.

7.3 The Company's and its Subsidiaries' accounting reference date is as set out in Schedule 1 and has not at any time in the 3 years prior to the Accounts Date been any other date.

7.4 Since the Accounts Date:

(i) the business of Target Group has been carried on in the ordinary and usual course so as to maintain the business as a going

concern;

(ii) no distributions within the meaning of Part VIII of the Act or of ICTA have been declared paid or made by any member of the Target Group except as provided in the Accounts;

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(iii) no share or loan capital of any Target Group has been or agreed to be issued allotted redeemed purchased or repaid by any member of the Target Group;

(iv) no asset with a book value in excess of Pound Sterling 50,000 (nor assets with an aggregate book value in excess of Pound Sterling 500,000) have been acquired or disposed of by any member of the Target Group except for current assets in the ordinary and usual course of trading;

(v) no contract, arrangement or transaction has been entered into and no payment has been made by any member of the Target Group otherwise than in the Ordinary Course of Business and on entirely arm's length terms;

(vi) no single item of capital expenditure has been or agreed to be incurred and no single commitment of a capital nature has been or agreed to be entered into exceeding Pound Sterling 50,000 (nor capital expenditure or commitments of a capital nature in an aggregate amount of Pound Sterling 500,000) in total by any member of the Target Group;

(vii) no resolution of the shareholders of any member of the Target Group has been passed;

(viii) to the Knowledge of the Seller, there has not been any material adverse change in the financial condition of the Company and its Subsidiaries taken as a whole.

7.5 Each member of the Target Group's accounts, books, ledgers, financial and other records are in its possession or under its control, up

to date and contain a record of all matters required to be entered in them by the Act, GAAP and other relevant legislation.

8. LEGAL COMPLIANCE

8.1 To the Knowledge of the Seller, each of the Company and its Subsidiaries has complied with all applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder).

8.2 Neither the Seller nor any member of the Target Group has received written notice of any current, pending or threatened governmental, regulatory or other investigation, enquiry or disciplinary action regarding any member of the Target Group.

8.3 To the Knowledge of the Seller, each member of the Target Group has all necessary Licences for the proper carrying on of its business in the United Kingdom and each Licence is valid, in force and unconditional or subject only to a condition that has been fulfilled and under which no further action is required.

8.4 All returns, particulars, resolutions and other documents required to be delivered to the Registrar of Companies by each member of the Target Group have been properly prepared and delivered.

8.5 The copy of the memorandum and articles of association of the Target Group attached to the Disclosure Letter is true, complete, accurate and up-to-date and includes copies of all resolutions or agreements required by law to be annexed to it and each register, minute book and other book required to be kept by the Act has been properly kept, is up-to-date and contains a true, accurate and complete record of the matters which should be dealt with in those books and no notice or

allegation that any of them is incorrect or should be rectified has been received.

8.6 Due compliance has been made with the provisions of the Act and other legal requirements in connection with the formation of each member of the Target Group, the allotment and issue, purchase and redemption of shares, debentures or other securities of the Target Group, the payment of dividends, any reduction of share capital and no notice or allegation has been received that any of the foregoing is incorrect of should be rectified.

8.7 No member of the Target Group has received notice that any of the Licences necessary for the operation of their respective businesses has been or will be cancelled or not renewed.

9. TAX MATTERS

9.1 Each of the Company and its Subsidiaries has filed all Tax returns that it was required to file, and has paid all Tax shown thereon as owing, except where the failure to file Tax returns or to pay Tax would not have a material adverse effect on the financial condition of the Company and its Subsidiaries taken as a whole.

9.2 The Disclosure Letter lists all Tax returns filed with respect to any of the Company and its Subsidiaries for taxable periods ended on or after 31 December 1990, and indicates those Tax returns that have been subject to Inland Revenue enquiry and indicates those Tax returns that are currently subject to audit.

9.3 None of the Company and its Subsidiaries has waived any statute of limitations in respect of taxes or agreed to any extension of time with respect to an Tax assessment or deficiency except as noted in the Disclosure Letter.

9.4 None of the Company and its Subsidiaries is a party to any Tax allocation or sharing agreement.

10. REAL PROPERTY

10.1 To the Seller's Knowledge all members of the Target Group have obtained planning permission in terms of the Planning Acts and all necessary consents and warrants required under the Buildings Regulations with respect to any development of an alteration or addition to the Properties carried out by such member.

10.2 With regard to any property held on lease by any member of the Target Group and forming part of the Properties true, accurate and complete copies of each relevant lease of any such property to any such member have been supplied to the Buyer each such lease is valid and subsisting and no member of the Target Group has received notice of any dispute or claim outstanding thereunder.

10.3 No member of the Target Group has contracted to purchase or lease any property for future settlement nor has any such member contracted or

agreed to dispose of or in any way alienate any of the Properties.

10.4 The Properties are held subject to and with the benefit of the tenancies (which expression includes sub-tenancies and sub-under tenancies) as set out in Part 2 of the Schedule 6 and none others.

10.5 With respect to such tenancies referred to in paragraph 10.4:

10.5.1 true, accurate and complete copies of each relevant tenancy of any such property by all members of the Target Group have been supplied to the Buyer such tenancy is valid and subsisting,

no member of the Target Group has received notice of any dispute or claims outstanding thereunder;

10.5.2 the relevant member of the Target Group has observed and performed the covenants on the part of the landlord thereunder.

10.6 No member of the Target Group has in relation to the Properties been served with any notices at the instance of the Local Authority as environmental health authority or other official regulatory body or authority in respect of any breach of legislation, regulations, codes of practice, circulars or guidance notes made thereunder relating to: waste; contaminated land; discharges to land, ground and surface water and sewers; emissions to air; noise; dangerous, hazardous or toxic substances of materials; nuisance; health and safety.

11. MATERIAL CONTRACTS

11.1 Attached to the Disclosure Letter are true, accurate and complete copies of the Contracts and any amendments thereto which comprise all of the contractual terms and material written arrangements and understandings (whether or not legally binding) between the parties to the Contracts.

11.2 There are no drilling contracts or other material written arrangements or understandings in relation to drilling (whether or not legally binding) to which any member of the Target Group is a party other than the Contracts.

11.3 No member of the Target Group is a party to, or subject to, any contract, or material written arrangement or understanding (whether or not legally binding) the performance or discharge of which could involve consideration or payment in excess of Pound Sterling 50,000 and which:-

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11.3.1 is long term (ie. not terminable on 90 days' notice or less without payment of compensation or damages);

11.3.2 is not wholly on an arm's length basis in the Ordinary Course of Business;

11.3.3 expressly restricts its freedom to carry on its business in any part of the world in such manner as it thinks fit;

11.3.4 is an outstanding offer, tender, proposal, estimate or quotation which, if accepted or incorporated into a contract would constitute a contract which, if now in existence, would fall within any of paragraphs 11.2 or 11.3 and which would account for more than 5% of the turnover for 1996 as shown in the Most Recent Financial Statements;

11.3.5 is a distributorship, agency or management agreement or arrangement;

11.3.6 accounted for more than 5% of the Target Group's turnover in the period since the Accounts Date as shown by the Most Recent Financial Statements.

11.4 Save as disclosed in the Financial Statements, there is not outstanding any guarantee, indemnity or suretyship given by or for the benefit of any member of the Target Group.

11.5 To the Knowledge of the Seller no Contract has been terminated and no notice of termination or intention to terminate has been served by or on any member of the Target Group in respect of any of the Contracts.

11.6 There will at Closing be no outstanding obligations and no continuing contracts or arrangements between any member of the Retained Group

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and the Target Group except as contemplated by this Agreement or any of the Ancillary Documents.

12. POWERS OF ATTORNEY

There are no outstanding powers of attorney executed on behalf of any of the Company and its Subsidiaries.

13. LITIGATION

The Disclosure Letter sets forth each instance in which any of the Company and its Subsidiaries (i) is subject to any outstanding injunction, judgment, order, decree, ruling, or charge or (ii) is a party to any action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any local, or foreign jurisdiction and to the Seller's Knowledge no such action, suit, proceeding, hearing or investigation is pending by or against any member of the Target Group.

14. JOINT VENTURE

No member of the Target Group is or has agreed to become a member of any partnership or other unincorporated association, joint venture, European Economic Interest Grouping or consortium (other than a recognised trade association) or other profit or income sharing arrangement.

15. BRANCH

No member of the Target Group has any branch, agency or place of business outside the United Kingdom and does not use its letterhead, books or vehicles or otherwise carry on its business under any name other than its corporate name.

16. ACCURACY OF SCHEDULES

The contents of Schedules 1, 3, 4, 5, 6 and 10 are true and accurate.

17. COMPETITION AND FAIR TRADING

17.1 No member of the Target Group has given or been requested to give an undertaking or written assurance (legally binding or not) to any court or a governmental authority or an authority of the European Communities or European Economic Area under the RTPA, Fair Trading Act 1973, Competition Act 1980, Resale Prices Act 1976, Treaty of Rome, Agreement on the European Economic Area or other statute or legal instrument of the United Kingdom or other jurisdiction. To the Seller's Knowledge, no member of the Target Group is affected by an order or regulation made under the Fair Trading Act 1973 or Competition Act 1980 or the competition law of another jurisdiction or by a decision of the

Commission of the European Communities or EFTA Surveillance Authority or a competition authority of another jurisdiction.

17.2 To the Seller's Knowledge, no member of the Target Group has received a communication or request for information relating to any aspect of the Target Group's business from or by the Director General of Fair Trading, Monopolies and Mergers Commission, Secretary of State for Trade and Industry, Commission of the European Communities or EFTA Surveillance Authority or competition or governmental authority of another jurisdiction. No agreement, arrangement or conduct (by omission or otherwise) of any member of the Target Group has been the subject of an investigation, report or decision by any of those persons or bodies.

17.3 No member of the Target Group has received any grant or subsidy which would be repayable as a result of the sale of the Company Shares to the Buyer.

18. INSOLVENCY

18.1 In relation to each member of the Target Group:-

18.1.1 no resolution has been passed (and no meeting has been convened, and no written resolution has been circulated with a view to any resolution), no petition has been presented and no order has been made for administration or winding up or for the appointment of a receiver or provisional liquidator;

18.1.2 no procedure has been commenced, by the Registrar of Companies or any other person, with a view to striking off under section 652 of the Act;

18.1.3 no receiver has been appointed, no Encumbrance has been enforced, and no floating charge has crystallised on or over any of its assets, and no event has occurred or will occur by virtue of the execution and performance of this Agreement or the Ancillary Documents and the other agreements and documents referred to in it which would cause, or entitle any person to cause, any of these things to happen;

18.1.4 it has not stopped paying its creditors, is not insolvent, and is not unable to pay its debts for the purposes of section 123 of the Insolvency Act 1986;

18.1.5 there is no unsatisfied judgement or order of any court or

tribunal, or award of any arbitrator, against it;

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18.1.6 no distress, execution or other process has been levied against any of its assets;

18.1.7 no meeting of its creditors, or any class of them, has been held or summoned, no proposal has been made for a moratorium, composition or arrangement in relation to any of its debts, or for a voluntary arrangement under Part 1 of the Insolvency Act 1986; and

18.1.8 no event analogous to any of the above has occurred in any jurisdiction.

18.2 In relation to the Seller:-

18.2.1 no resolution has been passed, no petition has been presented and no order has been made for administration or winding up or for the appointment of a receiver or provisional liquidator;

18.2.2 no receiver has been appointed, no Encumbrance has been enforced, no floating charge has crystallised and no distress, execution or other process has been levied, on or over any of the Company Shares; and

18.2.3 no event analogous to any of the above has occurred in any jurisdiction.

19. INTELLECTUAL PROPERTY

19.1 No member of the Target Group is the registered proprietor of any Registered Intellectual Property and there are no applications for the registration of any Intellectual Property by any member of the Target Group pending.

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19.2 All Intellectual Property currently used in or in connection with the business of the Target Group and which is material to the Target Group as a whole is legally and beneficially owned by a member of the Target

Group and is used exclusively by it.

19.3 To the Knowledge of the Seller, the processes and methods employed, the services provided, the business conducted and the products manufactured used or dealt with by the Target Group do not infringe any Intellectual Property of any third party.

20. INSURANCE

Attached to the Disclosure Letter is a true and complete copy of the insurances maintained for the two years prior to the date of this Agreement in respect of the Target Group's assets and Properties which are of an insurable nature. All premiums under such insurances have been paid up to date, and there have been no claims made under such insurances during the twelve months prior to the date hereof and there are no claims outstanding thereunder.

21. PENSION SCHEMES

21.1 Other than the Legal and General Group Personal Pension Plan ("Pension Plan") there are no pension, retirement benefit or similar schemes or arrangements for the provision of "relevant benefits" within the meaning of Section 612 of the Taxes Act for or in respect of the employees or former employees of the Company or any of the Subsidiaries and neither, to the Knowledge of the Seller, the Company nor any of the Subsidiaries is there any legally binding obligation, other than those under the Pension Plan, to pay any pension or make any other payment after retirement or death or otherwise to provide "relevant benefits" as aforesaid to or in respect of any employee of the Target Group.

21.2 The level of contributions made by the Company or any of the Subsidiaries pursuant to, and the terms of, the Pension Plan are contained in the Disclosure Letter.

22. EMPLOYMENT MATTERS

22.1 No member of the Target Group is a party (i) to any consultancy agreements or arrangements with any person nor to any contract for services to be provided to any member of the Target Group by any individual as a sub-contractor, outworker or otherwise where the consideration paid under the agreement or arrangement or contract for services exceeds L.25,000 nor (ii) to any written service agreements with any of its directors.

22.2 There are no contracts of service with employees (whether or not in

writing) which cannot be terminated by a member of the Target Group by three months' notice or less without giving rise to any claim for damages or compensation (other than a statutory redundancy payment or statutory compensation for unfair dismissal) and no member of the Target Group has given or received notice of resignation from any of the employees.

22.3 Save as set out in the schedule of employees attached to the Disclosure Letter:

22.3.1 no member of the Target Group has any employees with an annual salary in excess of L.25,000;

22.3.2 there are no material terms and conditions of employment for any employee other than Target Group's written standard terms and conditions of employment as annexed to the Disclosure Letter;

22.3.3 no employee receives or is entitled (contingently or otherwise) to receive any bonus, commission, variable remuneration, insurance, benefit in kind, motor vehicle for private use or other reward other than wages or salary at a fixed rate;

and true, complete and accurate particulars of each employee's current remuneration, date of commencement of continuous employment (for the purposes of the Employment Protection (Consolidation) Act 1978) appear in that schedule together with such employee's age and sex as notified to the relevant company.

22.4 No member of the Target Group has offered or agreed to increase the remuneration of, or altered or sought to alter any of the terms and conditions of employment of, any employee compared to those shown in the schedule to the Disclosure Letter.

22.5 There are no trade unions or other bodies representing employees or any of them and no member of the Target Group recognises any trade union or other body representing employees or any of them.

22.6 There has been no strike or work to rule by any employee or collective withdrawal of labour by more than five employees for the purposes of industrial action within the 2 years prior to the date of this Agreement.

22.7 No member of the Target Group has within the period of 12 months preceding the date of this Agreement given notice of any redundancies to

the Secretary of State or started consultations with any appropriate representative under the provisions of Part IV of the Trade Union and Labour Relations (Consolidation) Act 1992, nor has any member of the Target Group failed to comply with such obligation under that Part.

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22.8 No member of the Target Group has within the period of 12 months preceding the date of this Agreement been a party to any relevant transfer as defined in the Transfer of Undertakings (Protection of Employment) Regulations 1981 nor has any member of the Target Group failed to comply with any duty to inform and consult any appropriate representative under the said Regulations.

22.9 Each member of the Target Group has in relation to each of its present employees complied with all terms of their contracts of employment and all statutes, statutory instruments, collective agreements, customs and practices which are binding upon it and no such member has any obligation to make any ex gratia payment to any such employee.

22.10 There is no share incentive scheme, share option scheme, profit sharing scheme or other bonus or incentive scheme for all or any employees nor has any proposal been announced to establish any such scheme.

22.11 No member of the Target Group has any liability as a former member, officer or shadow director of any person.

22.12 There are no outstanding claims or proceedings by or against any former employee of any member of the Target Group and the Seller has no knowledge of any such claim or proceedings pending or threatened.

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SCHEDULE 9
GUARANTEES AND SURETIES

Part 1

(i) CONTRACT DATED 1 NOVEMBER 1994 BETWEEN (1) CHEVRON UK LIMITED AND (2) NDESL IN RESPECT OF BRITANNIA FIELD (NO. BRT1-XA7)

Guarantee dated 20 September 1994 between

(1) Chevron UK Limited and
(2) Nabors Industries, Inc. (guarantor)

(ii) CONTRACT DATED 15 JULY 1995 BETWEEN (1) ELF ENTERPRISE CALEDONIAN LTD AND (2) NDESL (NO. CA-7400)

Guarantee dated 20 July 1995 between

(1) Elf Enterprise Caledonian Ltd and
(2) Nabors Industries, Inc. (guarantor)

Part 2

None

SCHEDULE 10
DRILL PIPE AND INSTRUMENTATION

PART 1 - DRILL PIPE

SOVEREIGN DRILL STRING

<TABLE>
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STRING NO.	DESCRIPTION	NUMBER OF JOINTS
<S>	<C>	<C>
1.	5 1/2" FH S 135 Drill Pipe Range 2, 2.90# per foot Armacor M hardbanding on box. Internal coating TK34 Tool Joints 2" longer than standard Tool Unit OD 7 1/4" x 3 1/2"	383
2.	5" Drill Pipe S-135 Range 2, 19.5 lb/ft 4 1/2 IF Connection 6 5/8" OD x 3 1/4" ID Tool Joints 2" longer than standard Armacor M hardbanding on box. Internal coating PC200 c/w pressed steel protectors.	466
3.	5" Drill Pipe S-135 Range 2, 19.5 lb/ft 4 1/2 IF Connection 6 5/8" OD x 3 1/4" ID Tool Joints 2" longer than standard Armacor M hardbanding on box. Internal coating PC200 c/w pressed steel protectors.	483

4.	3 1/2 Grade S-135 Range 2, 13.3 lbs/ft, 3 1/2 IF Connections 4 3/4" OD x 2 9/16 ID 2" longer than standard Armacor M hardbanding on box. Internal coating PC200 c/w pressed steel protectors.	326
5.	3 1/2 Grade S-135 Range 2, 13.3 lbs/ft, 3 1/2 IF Connections 4 3/4" OD x 2 9/16 ID 2" longer than standard Armacor M hardbanding on box. Internal coating PC200 c/w pressed steel protectors.	322

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PART 2 - INSTRUMENTATION

MARTIN DECKER TOTCO DATA ACQUISITION (DAQ) SYSTEM

The MD Totco TOTAL Data Acquisition (DAQ) System is configured with a combination of the following "TOTAL" modules:

- TOTAL Data Acquisition Module System 3* USX 000A
- VISULOGGER XC Management Module
- WITS Interface Module UY 200 B
- SAFE Area Display Module UYX 021
- M/D TOTCO Certification Module
- M/D TOTCO Sensor Module

In addition, the GASWATCH - XC Gas Detection System has been installed.

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* To be upgraded by MD Totco to System 4 at no cost (refer 2.10/1/d of Disclosure Bundle).

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SCHEDULE 11

ESCROW ACCOUNT

1. The Escrow Account shall be in the joint names of Baker & McKenzie of

100 New Bridge St, London EC4 ("the Seller's Solicitors") and Pinsent Curtis of 69 Old Broad St, London EC2 ("the Buyer's Solicitors") and shall be designated "Nabors Europe Escrow Account" and the amount for the time being standing to its credit (including the amount of interest credited thereto) is hereinafter referred to as "the Deposit".

2. Subject as ordered by a court of competent jurisdiction :-

2.1 except as provided herein, no payment shall be made out of the Escrow Account;

no payment shall be made out of the Escrow Account except in accordance with the bank mandate in relation to the Escrow Account which shall require the signature of one authorised signatory from each of the Seller's Solicitors and the Buyer's Solicitors;

2.2 if Closing does not occur on or before 21 November 1996, the Deposit shall be paid to the Seller's Solicitors as agent for the Seller forthwith without further authority on the part of the Buyer; and

2.3 if Closing shall occur at any time on or before 21 November 1996, then the Deposit shall be paid immediately following Closing to the Buyer's Solicitors as agent for the Buyer without further authority on the part of the Seller.

3. The payment out to the Seller or to the Buyer of the Deposit pursuant to paragraph 2.3 or 2.4 above shall be without prejudice to the rights of the other to claim that it is lawfully entitled to all or some part of the Deposit pursuant to the terms of the Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

SIGNED BY _____)
for and on behalf of)
NABORS INDUSTRIES INC)

SIGNED BY _____)
for and on behalf of)

KCA DRILLING GROUP LIMITED)

SIGNED BY _____)
for and on behalf of)
ABBOT GROUP PLC)

EXHIBIT 10.16

ASSET PURCHASE AGREEMENT

by and between

Noble Drilling Corporation,

Noble Properties, Inc.

and

Noble Drilling (Canada) Ltd.

and

Nabors Industries, Inc.

November 15, 1996

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ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") is dated as of November 15, 1996, by and between Nabors Industries, Inc., a Delaware corporation ("Buyer"), and Noble Drilling Corporation, a Delaware corporation ("Parent"), Noble Properties, Inc., an Oklahoma corporation ("Noble-Properties"), and Noble Drilling (Canada) Ltd., an Alberta, Canada corporation ("Noble-Canada" and, together with Parent and Noble-Properties, sometimes referred to herein, collectively, as "Sellers" and, individually, as a "Seller");

W I T N E S S E T H:

WHEREAS, Buyer desires to purchase the Purchased Assets (as hereinafter defined) from Sellers; and

WHEREAS, Sellers desire to sell the Purchased Assets to Buyer in exchange for the payment by Buyer of the Purchase Price (as hereinafter defined) and the assumption by Buyer of the Assumed Liabilities (as hereinafter defined);

NOW, THEREFORE, in consideration of the premises and the mutual terms, covenants and conditions herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

As used in this Agreement, the following terms have the following respective meanings:

"Affiliate" means, as to the person specified, any person controlling, controlled by or under common control with such person, with the concept of control in such context meaning the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of another, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning specified in the preamble.

"Applicable Environmental Laws" has the meaning specified in Section 5.12(b).

"Applicable Laws" has the meaning specified in Section 5.9.

"Assumed Liabilities" has the meaning specified in Section 2.3.

"Best Efforts" means a party's best efforts in accordance with reasonable commercial practice and without the incurrence of unreasonable expense.

"Business Day" means a day on which national banks are generally open for the transaction of business in Houston, Texas.

"Buyer" has the meaning specified in the preamble.

"Buyer Basket" has the meaning specified in Section 12.2.

"Buyer Designee" has the meaning specified in Section 13.5(b)(ii).

"Claims" has the meaning specified in Section 12.2.

"Closing" means the consummation of the transactions contemplated by Article II of this Agreement in accordance with the terms and upon the conditions set forth in Article II.

"Closing Date" has the meaning specified in Section 4.1.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consent Required Contract" has the meaning specified in Section 2.4.

"Deeds" has the meaning specified in Section 4.2(b).

"Deposit" has the meaning specified in Section 3.1(a).

"Drilling Contract" has the meaning specified in Section 2.1(f)(i).

"Employees" has the meaning specified in Section 10.1(a).

"Encumbrances" means liens, charges, pledges, options, mortgages, security interests, claims, easements, rights-of-way, servitudes, title defects and other encumbrances of every type and description, whether imposed by law, agreement, understanding or otherwise.

"Environmental Claims" has the meaning specified in Section 12.3.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" has the meaning specified in Section 5.10.

"Escrow Agent" has the meaning specified in Section 3.1(a).

"Escrow Agreement" has the meaning specified in Section 3.1(a).

"Excluded Assets" has the meaning specified in Section 2.2.

"General Assignment" has the meaning specified in Section 4.2(a).

"Governmental Entity" means any court or tribunal in any jurisdiction (domestic or foreign) or any public, governmental or regulatory body, agency, department, commission, board, bureau or other authority or instrumentality (domestic or foreign).

"hazardous material" has the meaning specified in Section 5.12(b).

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Indemnified Party" has the meaning specified in Section 12.4.

"Indemnifying Party" has the meaning specified in Section 12.4.

"Inventory" has the meaning specified in Section 2.1(c).

"Leases" has the meaning specified in Section 2.1(d).

"Marketed Rigs" has the meaning specified in Section 2.1(a).

"Noble-Canada" has the meaning specified in the preamble.

"Noble-Properties" has the meaning specified in the preamble.

"Nonassigned Contract" has the meaning specified in Section 2.4.

"Other Contract" has the meaning specified in Section 2.1(f)(ii).

"Parent" has the meaning specified in the preamble.

"Permits" has the meaning specified in Section 2.1(e)(ii).

"Permitted Encumbrances" means (i) Encumbrances for taxes, assessments and governmental charges not yet due and payable or the validity of which are being contested in good faith by appropriate proceedings; (ii) statutory liens arising in the ordinary course of business relating to obligations as to which there is no default on the part of Sellers, excluding any mortgage; (iii) the Drilling Contracts, Other Contracts and

Leases; and (iv) any other Encumbrances which in the aggregate do not exceed $50,000; provided, however, that at the Closing "Permitted Encumbrances" shall not include any Encumbrances for taxes, assessments or governmental charges filed of record against the Purchased Assets, or statutory liens filed of record against the Purchased Assets, unless any such Encumbrances are being diligently contested in good faith by appropriate proceedings.

"Permitted Real Property Encumbrances" means (i) Encumbrances for taxes, assessments and governmental charges not yet due and payable or the validity of which are being contested in good faith by appropriate proceedings; (ii) statutory liens arising in the ordinary course of business relating to obligations as to which there is no default on the part of Sellers, excluding any mortgage; (iii) zoning laws and ordinances and similar governmental regulations; (iv) rights reserved to any municipality or governmental, statutory or public authority to regulate such property; (v) Encumbrances arising from or relating to Environmental Claims; (vi) the Other Contracts; and (vii) any other Encumbrances which in the aggregate do not exceed $50,000; provided, however, that at the Closing "Permitted Real Property Encumbrances" shall not include any Encumbrance for taxes, assessments or governmental charges filed of record against the Real Estate Assets, or statutory liens filed of record against the Real Estate Assets, unless any such Encumbrances

are being diligently contested in good faith by appropriate proceedings.

"Proceedings" means all proceedings, actions, claims, suits, investigations and inquiries by or before any arbitrator or Governmental Entity.

"Purchased Assets" has the meaning specified in Section 2.1.

"Purchase Price" shall mean $60,000,000.

"Real Estate Assets" has the meaning specified in Section 2.1(d).

"Real Property" has the meaning specified in Section 2.1(d).

"Rigs" has the meaning specified in Section 2.1(b).

"Seller Basket" has the meaning specified in Section 12.3.

"Seller Designee" has the meaning specified in Section 13.5(b)(i).

"Sellers" has the meaning specified in the preamble.

"Stacked Rigs" has the meaning specified in Section 2.1(b).

"Taxes" has the meaning specified in Section 9.7.

ARTICLE II

PURCHASE AND SALE OF ASSETS

2.1 Assets to be Purchased. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Sellers agree to sell, assign, transfer, deliver and convey to Buyer, and Buyer agrees to purchase, the following (collectively, the "Purchased Assets"):

(a) the 19 land drilling rigs currently marketed by Sellers described on Schedule 2.1(a) (collectively, the "Marketed Rigs");

(b) the equipment described on Schedule 2.1(b), which collectively constitutes the Sellers' 28 stacked land drilling rigs (collectively, the "Stacked Rigs," and, together with the Marketed Rigs, the "Rigs");

(c) the stocks owned by Sellers or any of their Affiliates described on Schedule 2.1(c) (collectively, "Inventory"), as such Inventory may be reduced through consumption thereof, or increased through replacement

thereof or addition thereto, in the ordinary course of the maintenance and operation of the Rigs through the Closing Date;

(d) the leasehold interests in real property (the "Leases") described on Schedule 2.1(d)(i) and real property fee ownership described on Schedule 2.1(d)(ii) (the "Real Property"), together with all buildings, fixtures and other improvements upon the Real Property (except, in the case of Leases, buildings, fixtures and other improvements owned by persons or entities other than Sellers or their Affiliates) and all rights, easements, rights-of-way and other interests incidental thereto that are used or held for use by Seller in connection with the ownership, maintenance or operation of the Purchased Assets (the "Real Estate Assets");

(e) the following tangible and intangible assets used or held for use in connection with the ownership, maintenance and operation of the Rigs or the Real Estate Assets, to the extent assignable by law and Sellers or their Affiliates have the right to assign and transfer such assets:

(i) all records to be delivered to Buyer pursuant to Section 2.5; and

(ii) the certificates, licenses, permits, consents, operating authorities, orders, exemptions, franchises, approvals, registrations and other authorizations and applications therefor specifically associated with the maintenance and operation of a Rig and listed on Schedule 2.1(e)(ii) hereto ("Permits"); and

(f) the benefit and burden subsequent to the Closing Date of:

(i) all drilling contracts and any amendments thereto for the employment of the Rigs existing on the Closing Date (the "Drilling Contracts"), including without limitation the Drilling Contracts identified on Schedule 2.1(f)(i) hereto existing on the Closing Date; and

(ii) all other contracts to which Sellers or any of their Affiliates is a party relating to the ownership, maintenance and operation of the Rigs or the Real Estate Assets existing on the Closing Date and described on Schedule 2.1(f)(ii) (the "Other Contracts").

2.2 Excluded Assets. The Purchased Assets to be transferred by Sellers to Buyer hereunder shall include only those described or referred to in Section 2.1, and no other assets or properties of Sellers shall be transferred to Buyer hereunder. Without limiting the generality of the preceding sentence,

the Purchased Assets shall not include (i) Seller's subsidiaries, (ii) any top drive unit, (iii) any contractual rights or other assets relating to the participation of any Affiliate of Parent in the "Hibernia Project" relating to the operation and maintenance of platform rigs off the coast of Newfoundland, (iv) any contractual rights or other assets of Sellers relating to Sellers' or their Affiliates' business or operations in any country other than the United States and Canada (including without limitation Russia or any of the countries that formerly constituted the U.S.S.R.), (v) cash, accounts receivable, prepaid expenses and deposits or (vi) claims and rights under contracts not assigned to and assumed by Buyer hereunder and, in the case of contracts that are assigned to and assumed by Buyer, claims and rights thereunder to the extent, but only to the extent, that such claims and rights relate to the ownership or operation of the Purchased Assets prior to the Closing, including, without limitation, claims for reimbursements, day, footage or turnkey rates, lost equipment, indemnity or escalation of fees that relate to periods prior to the Closing Date, whether or not billed on the Closing Date (collectively, the "Excluded Assets").

2.3 Assumed Liabilities. As of the Closing Date, Buyer shall not assume or otherwise be obligated for any obligations of Sellers or their Affiliates except for all obligations under the Drilling Contracts, Other Contracts and Leases being assumed by Buyer to the extent, but only to the extent, that such obligations relate to the conduct of the ownership or operation of the Purchased Assets after the Closing, but, excluding accounts payable and accrued liabilities for property received by Seller or for services performed, on or prior to the Closing (collectively, the "Assumed Liabilities"), which Drilling Contracts, Other Contracts and Leases Buyer shall assume and thereafter perform.

2.4 Limitation on Assignments. Notwithstanding any other provision hereof, this Agreement shall not constitute nor require an assignment to Buyer of any Drilling Contract, Other Contract, Lease, Permit, license or other right if an attempted assignment of the same without the consent of any party would constitute a breach thereof or a violation of any law or any judgment, decree, order, writ, injunction, rule or regulation of

any Governmental Entity unless and until such consent shall have been obtained. In the case of any such Drilling Contract, Other Contract, Lease, Permit, license or other right that cannot be effectively transferred to Buyer without such consent (a "Consent Required Contract"), Sellers agree that between the date hereof and the Closing Date they will use their Best Efforts to obtain or cause to be obtained the necessary consents to the transfer of any Consent Required Contract. Buyer agrees to cooperate and to cause any Buyer Designee to cooperate with Sellers in obtaining such consents and to enter into such arrangement of assumption as may be reasonably requested by Sellers or the

other contracting party under a Consent Required Contract. In the event that Sellers shall have failed prior to the Closing Date to obtain consents to the transfer of any Consent Required Contract, the terms of this Section 2.4 shall govern the transfer of the benefits of each such contract. Sellers and Buyer shall use their Best Efforts after the Closing Date to obtain any required consent to the assignment to, and assumption by, Buyer of each Consent Required Contract that is not transferred to Buyer at the Closing (a "Nonassigned Contract"). Sellers, or a Seller Designee, and Buyer, or a Buyer Designee, shall enter into an agreement substantially in the form of that attached hereto as Exhibit 2.4 on the Closing Date with respect to each Nonassigned Contract providing that until the rights and obligations of Sellers thereunder are transferred to or assumed by Buyer, or, if earlier, until termination of such Nonassigned Contract, Sellers shall continue to perform their obligations thereunder and Buyer shall provide such assistance, at the sole expense of Buyer, as Sellers may reasonably request for such purpose, including, without limitation, the use of personnel and assets (by lease or otherwise) of Buyer and its Affiliates of the type and quantity that Sellers would have used to perform such Nonassigned Contract had the transactions contemplated by this Agreement not been consummated. Such agreement shall also provide that in consideration of the provision of such assistance, Sellers shall, promptly after payment of any amounts to Sellers by the other party to a Nonassigned Contract, pay such amounts to Buyer after subtracting therefrom the costs and expenses incurred by Sellers as a result of its performance of the Nonassigned Contract.

2.5 Delivery of Records.

(a) Buyer shall be entitled to the records physically located on the Rigs or at the location thereof on the Closing Date and relevant to the Rigs.

(b) As promptly following the Closing as practicable, Sellers shall deliver or cause to be delivered to Buyer at the offices where such records are located or such other location as mutually agreed, a copy of the technical records described on Schedule 2.5(b) in the possession of Sellers or their Affiliates related to the Rigs or the Inventory, and that are not physically located on the Rigs or at the location thereof.

(c) Sellers shall be entitled to retain all originals of its corporate, financial, accounting, legal, tax and audit records.

ARTICLE III

PURCHASE PRICE

3.1 Consideration for the Purchased Assets.

(a) Concurrently with the execution and delivery of this Agreement, Buyer, Parent and Southwest Bank of Texas, N.A. (the "Escrow Agent") have executed and delivered the escrow agreement dated of even date herewith among Buyer, Parent and the Escrow Agent (the "Escrow Agreement"), a copy of which is attached as Exhibit 3.1(a), and Buyer has delivered to the Escrow Agent an amount in cash equal to $10,000,000 (the "Deposit"). Buyer and Sellers agree that the Escrow Agent shall hold and deliver the Deposit in accordance with the terms and conditions set forth in the Escrow Agreement.

(b) At the Closing, Buyer shall pay to Sellers the Purchase Price by (i) delivering to Sellers the amount of $50,000,000 in immediately available funds by confirmed wire transfer to a bank account to be designated by Parent (such designation to occur no later than the second business day prior to the Closing Date), and (ii) causing the Escrow Agent to deliver by wire transfer to such bank account of the Sellers the Deposit, in accordance with the Escrow Agreement.

(c) As additional consideration for the Purchased Assets, the Buyer shall assume at Closing and shall thereafter perform the Assumed Liabilities.

3.2 Buyer's Default. Sellers shall be entitled to receive the Deposit, as liquidated damages and not as a penalty, without right on the part of Buyer to a return thereof if the Closing

(i) does not occur on the Closing Date by reason of Buyer's default under the terms of this Agreement; or

(ii) does not occur by January 31, 1997 and Sellers have performed their covenants set forth in Section 9.4, unless Buyers have performed their covenants set forth in Section 9.4 and the sole reason the Closing has not occurred by such date is that the conditions in Sections 7.5 and 8.5 have not been satisfied;

provided, however, that in the case of clause (i) and clause (ii), Sellers must show themselves then able and willing to satisfy the conditions set forth in Section 8.1, 8.2, 8.3 and 8.4.

Buyer shall be deemed in default for the purpose of this Section 3.2 if Buyer (i) shall have been unable to satisfy any of the conditions set forth in Sections 7.1, 7.2, 7.3 or 7.4, or (ii) shall have failed to perform any of Buyer's material covenants of this Agreement or have been in material and willful breach of this Agreement, including by not delivering or

having insufficient funds to deliver the Purchase Price. Notwithstanding anything to the contrary contained in this Agreement, if the Closing does not occur on the Closing Date or there is no Closing by January 31, 1997 by reason of Buyer's default under the terms of the immediately preceding sentence, Sellers' sole and exclusive remedy against Buyer and its Affiliates shall be to receive the Deposit, which the parties stipulate shall be liquidated damages and not a penalty.

3.3 Return of Deposit. In the event the Closing shall not occur and Sellers are not entitled to receive the Deposit pursuant to Section 3.2, the Deposit shall be returned to Buyer in the manner specified in the Escrow Agreement.

3.4 Allocation of Purchase Price. The Purchase Price shall be allocated among the Purchased Assets in the manner set forth on Schedule 3.4. After the Closing, Parent and Buyer shall cooperate with each other in the preparation, execution and filing of (i) all information returns and supplements thereto required to be filed with the Internal Revenue Service by the parties under Section 1060 of the Code and the Treasury Regulations promulgated thereunder relating to the allocation of the Purchase Price and (ii) all similar filings required to be filed with respect to the transactions contemplated by this Agreement with the Internal Revenue Service and other appropriate taxing authorities.

ARTICLE IV

THE CLOSING

4.1 Time and Place of Closing. The Closing shall take place at the offices of Thompson & Knight, P.C., 1700 Texas Commerce Tower, 600 Travis Street, Houston, Texas 77002, at 9:00 a.m., local time, on the third Business Day after the satisfaction of the conditions to the obligations of the parties set forth in Sections 7.5 and 8.5, or at such other place, date or time as the parties may agree in writing. The date on which the Closing is required to take place is herein referred to as the "Closing Date."

4.2 Deliveries by Sellers. At the Closing, Sellers shall deliver the following to Buyer:

(a) a duly executed General Conveyance, Assignment and Bill of Sale and Transfer and Assumption of Liabilities (the "General Assignment") in the form of Exhibit 4.2(a), together with such other bills of sale, assignments and other instruments of transfer, assignment and conveyance as Buyer shall reasonably request to vest in Buyer or a Buyer Designee good and marketable title to the Purchased Assets other than the Real Property;

(b) special warranty deeds in the form of Exhibit 4.2(b), with such modifications as are necessary to comply with applicable local law in the jurisdictions in

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which the Real Property is located (the "Deeds"), sufficient to transfer to Buyer good and defensible title to the Real Property, free and clear of all Encumbrances except for Permitted Real Property Encumbrances.

(c) instructions in accordance with the Escrow Agreement;

(d) copies of any consents obtained as contemplated by Section 2.4;

(e) the certificate and opinion of counsel contemplated by Sections 8.3 and 8.4, respectively; and

(f) an updated version of Schedule 10.1(a).

4.3 Deliveries by Buyer. At the Closing, Buyer shall deliver the following to Sellers:

(a) the Purchase Price;

(b) a duly executed General Assignment and such other instruments of transfer and assumption as Seller shall reasonably request in order to cause an effective assignment to and assumption by Buyer of the Drilling Contracts, Other Contracts and Leases;

(c) instructions in accordance with the Escrow Agreement; and

(d) the certificate and opinion of counsel contemplated by Sections 7.3 and 7.4, respectively.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as discussed in this Agreement or in the schedules attached to this Agreement, each Seller hereby represents and warrants, with respect to itself and the Purchased Assets owned by it, to Buyer as follows:

5.1 Organization and Existence. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation, with all necessary corporate power and authority to own and lease the Purchased Assets and to carry on its business as such business is currently conducted. Seller is duly qualified or licensed to transact business as a foreign corporation and is in good standing in all jurisdictions in which the character of the Purchased Assets or the nature of the business currently conducted by it requires it so to be qualified or licensed unless the failure so to qualify or be licensed would not reasonably be expected to have a

material adverse effect

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on Sellers' business taken as a whole or create an Encumbrance on any of the Purchased Assets except for a Permitted Encumbrance or Permitted Real Property Encumbrance.

5.2 Authority; Etc. Seller has all necessary corporate power and authority to execute and deliver this Agreement and all agreements, instruments and documents to be executed and delivered hereunder by Seller, to consummate the transactions contemplated hereby and to perform all terms and conditions hereof to be performed by it. The execution and delivery of this Agreement by Seller and all agreements, instruments and documents to be executed and delivered by Seller hereunder, the performance by Seller of all the terms and conditions hereof to be performed by it and the consummation of the transactions contemplated hereby have been duly authorized and approved by the board of directors of Seller, and no other corporate proceedings of Seller are necessary with respect thereto, except for stockholder approval in the case of Noble-Properties and Noble-Canada, which will be obtained prior to the Closing Date. All persons who have executed and delivered this Agreement, and all persons who will execute and deliver the other agreements, documents and instruments to be executed and delivered by Seller hereunder, have been duly authorized to do so by all necessary actions on the part of Seller. This Agreement constitutes, and each other agreement or instrument to be executed by Seller hereunder, when executed and delivered by Seller, will constitute, the legal, valid and binding obligation of Seller, enforceable against it in accordance with its terms, except to the extent the enforceability hereof and thereof may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws relating to or affecting creditors' rights generally or by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3 No Violations. The execution and delivery of this Agreement by Seller, the fulfillment of and compliance by it with the terms and conditions hereof and the consummation by it of the transactions contemplated hereby will not:

(a) violate any of the terms of the certificate of incorporation or bylaws (or the equivalent) of Seller;

(b) (i) except for the consents to assignment referred to in Section 2.4, result in a breach of or constitute a default under (whether with notice or the lapse of time or both) any note, bond, mortgage, loan agreement, indenture or other instrument evidencing borrowed money to which Seller is a party or by which Seller is bound or to which any of the Purchased Assets is subject which breach or default would reasonably be expected to have a material

adverse effect on the ownership or operation of the Purchased Assets, or (ii) result in the creation of any Encumbrance on any of the Purchased Assets, or otherwise give any person the right to terminate any Drilling Contract, Permit, Other Contract or Lease assumed by Buyer; or

(c) to Seller's knowledge, violate any provision of any law, statute, rule or administrative regulation or any judgment, order, injunction or decree of any

Governmental Entity applicable to or binding upon Seller, or its assets, except that no representation is made as to the application of any United States antitrust law or regulation to the transactions contemplated by this Agreement, which violation with respect to the matters specified in clauses (b) and (c) of this Section 5.3 would reasonably be expected to have a material adverse effect on the ownership or operation of the Purchased Assets taken as a whole.

5.4 Ownership of Rigs. Seller owns and, upon Seller's execution and delivery of the General Assignment, Buyer will own, good and marketable title to the Rigs, free and clear of all Encumbrances except for Permitted Encumbrances.

5.5 Inventory. Seller owns, and upon Seller's execution and delivery of the General Assignment, Buyer will own, good and marketable title to the Inventory reflected on Schedule 2.1(c), as such Inventory may be reduced through the consumption thereof, or increased through replacement thereof or additions thereto, in the ordinary course of the maintenance and operation of the Rigs through the Closing Date, free and clear of all Encumbrances except for Permitted Encumbrances and Encumbrances, if any, created or permitted to be imposed by Buyer or a Buyer Designee.

5.6 Contracts. Seller has made available to Buyer for review complete and correct copies of all the Drilling Contracts, Other Contracts and Leases. Except as separately identified on Schedule 2.1(f)(i) or 2.1(f)(ii), each of the Drilling Contracts, Other Contracts and Leases may be transferred to Buyer without the consent of any person. All the Drilling Contracts, Other Contracts and Leases are valid, binding and in full force and effect against Seller or its Affiliates, as the case may be, and, to Seller's knowledge, are valid, binding and in full force and effect against the other parties thereto. Except as set forth on Schedule 5.6, neither Seller nor any of its Affiliates is in default in any material respect, and no notice of alleged default has been received by Seller or any of its Affiliates, under any of the Drilling Contracts, Other Contracts and Leases, no other party thereto is, to the knowledge of Seller or its Affiliates, in default thereunder in any material respect, and, to the knowledge of Seller or its Affiliates, there exists no condition or event which, with or without notice or lapse of time or both,

would constitute a material default under any of the Drilling Contracts, Other Contracts and Leases by Seller, any of its Affiliates or any other party thereto.

5.7 Litigation.

(a) Except for litigation adequately covered by insurance or otherwise described on Schedule 5.7(a), there is no litigation and there are no Proceedings, suits or investigations pending, instituted or, to the knowledge of Seller, overtly threatened against any of the Purchased Assets or against Seller or any of its Affiliates and relating to the ownership and operation of the Purchased Assets before any Governmental Entity applicable to or binding upon Seller or any of the Purchased Assets that (i) seeks permanent injunctive relief, (ii) if adversely determined would delay or prevent the consummation of the transactions contemplated by this Agreement or (iii) would reasonably be expected to have a material adverse effect on the ownership, maintenance or operation of the Purchased Assets taken as a whole.

(b) Except for matters described on Schedule 5.7(b), neither Seller nor any of its properties or assets is subject to any judicial or administrative judgment, order, decree or restraint currently affecting the ownership, maintenance and operation of the Purchased Assets in a manner that is material and adverse to the ownership, maintenance and operation of the Purchased Assets taken as a whole. Except as referred to on Schedule 5.7(b), Seller has not received any notifications or charges in writing from any Governmental Entity involving alleged violations of or alleged obligations to remediate under occupational safety and health or water quality or other environmental matters that materially and adversely affect the conduct by Seller of the ownership, maintenance and operation of the Purchased Assets taken as a whole or that have not been finally dismissed or otherwise disposed of.

5.8 Governmental Approval. Except for required filings under the HSR Act and as set forth on Schedule 5.8, no consent, approval, waiver, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required to be obtained or made in connection with the execution and delivery of this Agreement by Seller or the consummation by Seller of the transactions contemplated hereby, the failure of which to obtain would have a material adverse effect on the ownership, maintenance and operation of the Purchased Assets taken as a whole.

5.9 Compliance With Laws. Except as set forth on Schedule 5.9, Seller is not to its knowledge in violation of or in default under any applicable law, rule, regulation, code, governmental determination, order, governmental certification requirement or other public limitation that is not

an Applicable Environmental Law (collectively, "Applicable Laws") relating to the ownership, maintenance or operation of the Purchased Assets, which violation or default materially and adversely affects Seller's ownership, maintenance or operation (as presently conducted) of the Purchased Assets, and no claim is pending or, to Seller's knowledge, overtly threatened with respect to any such matters which if determined adversely to Seller would have such effect.

5.10 Employees and Related Matters. To Seller's knowledge, all of the employee benefit plans (as defined in Section 3(3) of ERISA) which are or have been maintained or contributed to by Seller or any incorporated or unincorporated trade or business (an "ERISA Affiliate") which together with Seller would be treated as a single employer under Section 414 of the Code have been maintained and contributed to in compliance with the requirements of ERISA, the Code and other applicable law; and to Seller's knowledge, Seller and its ERISA Affiliates have paid and discharged when due all obligations and liabilities arising under such plans, ERISA, the Code and other Applicable Law of a character which, if not paid or discharged, are likely to result in the imposition of an Encumbrance or the assertion of a liability enforceable against the Purchased Assets. There are no labor agreements between Seller or any Affiliate of Seller and any collective bargaining representative who represents employees employed by Seller or any of its Affiliates which relate to or affect the ownership, maintenance or operation of the Purchased Assets.

5.11 Real Property. Seller owns, and upon execution and delivery by Seller of the Deeds, Buyer will own, good and defensible title to the Real Property described on Schedule 2.1(d)(ii), free and clear of all Encumbrances except Permitted Real Property Encumbrances.

5.12 Environmental Matters.

(a) Seller has received no written notice of any investigation or inquiry by any Governmental Entity under any Applicable Environmental Laws (as defined below) relating to the ownership or operation of the Purchased Assets. To the actual current knowledge of Seller, Seller has not disposed of any hazardous material (as defined below) on any of the Purchased Assets and no condition exists on any of the Purchased Assets which would subject Seller or the Purchased Assets to any remedial obligations under any Applicable Environmental Laws.

(b) For purposes of this Agreement, "Applicable Environmental Laws" means any and all Applicable Laws pertaining to health, safety, or the environment in effect in any and all jurisdictions in which the Purchased Assets are located or in which Seller has conducted operations using any of the Purchase Assets, including, without limitation, the Clear Air Act, as amended,

the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Rivers and Harbors Act of 1899, as amended, the Federal Water Pollution Control Act, as amended, the Occupational Safety and Health Act of 1970, as amended, the Resource Conservation and Recovery Act of 1976, as amended, the Safe Drinking Water Act, as amended, the Toxic Substances Control Act, as amended, the Superfund Amendments and Reauthorization Act of 1986, as amended, the Hazardous Materials Transportation Act, as amended, the Texas Water Code, the Texas Solid Waste Disposal Act, and other environmental conservation or protection laws. For purposes of this Agreement, the term "hazardous material" means (i) any substance which is listed or defined as a hazardous substance, hazardous constituent, or solid waste

pursuant to any Applicable Environmental Laws and (ii) petroleum (including crude oil and any fraction thereof), natural gas and natural gas liquids.

5.13 No Brokers. Except for Simmons & Company International (whose fee in respect of the transactions contemplated hereby shall be paid solely by Parent), Seller has not employed or authorized anyone to represent it as a broker or finder in connection with the transactions contemplated by this Agreement, and no broker or other person is entitled to any commission or finder's fee from Seller in connection with such transactions. Seller agrees to indemnify and hold harmless Buyer from and against any and all losses, claims, demands, damages, costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, Buyer may sustain or incur as a result of any claim for a commission or fee by a broker or finder acting on behalf of Seller.

5.14 Decrees, etc. Except as set forth on Schedule 5.14, no order, writ, injunction, decree, judgment, award or determination of any court or Governmental Entity has been issued or entered against Seller or any of its Affiliates which continues to be in effect and affects the ownership or operation of the Purchased Assets.

5.15 Performance Bonds; Letters of Credit. Set forth on Schedule 5.15 is a listing of all performance and similar bonds and letters of credit currently posted by Seller or any of its Affiliates for the purpose of operating the Rigs.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF BUYER

Except as disclosed in this Agreement or in the schedules attached to this Agreement, Buyer hereby represents and warrants to each of the Sellers as follows:

6.1 Organization and Existence. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation, with all necessary corporate power and authority to own and lease the assets it currently owns and leases and to carry on its business as such business is currently conducted. Buyer is duly qualified or licensed to transact business as a foreign corporation and is in good standing in all jurisdictions in which the character of the assets currently owned or leased by it or the nature of the business currently conducted by it requires it so to be qualified or licensed unless the failure so to qualify or be licensed would not reasonably be expected to have a material adverse effect on the business or financial condition of Buyer and its subsidiaries taken as a whole.

6.2 Authority; Etc. Buyer has all necessary corporate power and authority to execute and deliver this Agreement and all agreements, instruments and documents to be executed and delivered hereunder by Buyer, to consummate the transactions contemplated hereby and to perform all terms and conditions hereof to be performed by

it. The execution and delivery of this Agreement by Buyer and all agreements, instruments and documents to be executed and delivered by Buyer hereunder, the performance by Buyer of all the terms and conditions hereof to be performed by it and the consummation of the transactions contemplated hereby have been duly authorized and approved by the board of directors of Buyer, and no other corporate proceedings of Buyer are necessary with respect thereto. All persons who have executed and delivered this Agreement, and all persons who will execute and deliver the other agreements, documents and instruments to be executed and delivered by Buyer hereunder, have been duly authorized to do so by all necessary actions on the part of Buyer. This Agreement constitutes, and each other agreement or instrument to be executed by Buyer hereunder, when executed and delivered by Buyer, will constitute, the legal, valid and binding obligation of Buyer, enforceable against it in accordance with its terms, except to the extent the enforceability hereof and thereof may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws relating to or affecting creditors' rights generally or by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

6.3 No Violations. The execution and delivery of this Agreement by Buyer, the fulfillment of and compliance by it with the terms and conditions hereof and the consummation by it of the transactions contemplated hereby will not:

(a) violate any of the terms of the certificate of incorporation or bylaws of Buyer;

(b) result in a breach of or constitute a default under (whether with notice or the lapse of time or both) any note, bond, mortgage, loan agreement, indenture or other instrument evidencing borrowed money to which Buyer is a party or by which Buyer is bound or to which any of its assets is subject or result in the creation of any Encumbrance on any of its assets, which breach or default would reasonably be expected to have a material adverse effect on its ability to perform its obligations hereunder; or

(c) to Buyer's knowledge, violate any provision of any law, statute, rule or administrative regulation or any judgment, order, injunction or decree of any Governmental Entity applicable to or binding upon Buyer or any of its subsidiaries, except that no representation is made as to the application of any United States antitrust law or regulation to the transactions contemplated by this Agreement, which violation with respect to the matters specified in clauses (b) and (c) of this Section 6.3 would reasonably be expected to have a material adverse effect on its ability to perform its obligations hereunder.

6.4 Governmental Approval. Except for required filings under the HSR Act and as contemplated by Section 9.2 or set forth on Schedule 6.4, no consent, approval, waiver, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required to be obtained or made in connection with the execution

and delivery of this Agreement by Buyer or the consummation by Buyer of the transactions contemplated hereby, the failure of which to obtain would delay or prevent the consummation of the transactions contemplated by this Agreement.

6.5 Litigation. There is no litigation and there are no Proceedings, suits or investigations pending, instituted or, to the knowledge of Buyer overtly threatened against Buyer or its subsidiaries that could reasonably be expected to delay or prevent the consummation of the transactions contemplated by this Agreement.

6.6 No Brokers. Buyer has not employed or authorized anyone to represent it as a broker or finder in connection with the transactions contemplated by this Agreement, and no broker or other person is entitled to any commission or finder's fee from Buyer in connection with such transactions. Buyer will indemnify and hold harmless Seller from and against any and all losses, claims, demands, damages, costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, Seller may sustain or incur as a result of any claim for a commission or fee by a broker or finder acting on behalf of Buyer.

6.7 Certain Knowledge Regarding Assignment of Contracts. To the knowledge of Buyer, no condition or circumstance exists that would prevent the obtainment of any necessary consents to the effective assignment to and assumption by Buyer of the Drilling Contracts, Other Contracts or Leases.

ARTICLE VII

CONDITIONS TO THE OBLIGATIONS OF SELLERS

The obligations of Sellers to proceed with the Closing contemplated by this Agreement are subject to the satisfaction, on or before the Closing Date, of all the following conditions, any one or more of which may be waived, in whole or in part, by Parent:

7.1 Accuracy of Representations and Warranties. Each representation and warranty of Buyer contained in this Agreement shall be true and correct in all material respects as of the Closing Date with the same effect as though made on the Closing Date, except as otherwise specifically contemplated by this Agreement.

7.2 Covenants and Agreements Performed. Buyer shall have complied on or before the Closing Date in all material respects with each of its covenants or agreements contained in this Agreement to be performed on or before the Closing Date.

7.3 Officer's Certificate. Seller shall have received a certificate in the form of Exhibit 7.3 hereto, dated as of the Closing Date, of the President or a Vice President of Buyer certifying as to the matters specified in Sections 7.1 and 7.2.

7.4 Legal Opinion. Seller shall have received from Michael Dundy, general counsel of Buyer, an opinion dated the Closing Date, substantially in the form of Exhibit 7.4 hereto.

7.5 HSR Act. All required filings under the HSR Act shall have been made as required and the waiting period (and any extension thereof) under the HSR Act relating to the transactions contemplated hereby shall have expired or been terminated without governmental objection thereto.

ARTICLE VIII

CONDITIONS TO THE OBLIGATIONS OF BUYER

The obligations of Buyer to proceed with the Closing contemplated by this Agreement are subject to the satisfaction, on or before the Closing Date,

of all the following conditions, any one or more of which may be waived, in whole or in part, by Buyer:

8.1 Accuracy of Representations and Warranties. Each representation and warranty of Sellers contained in this Agreement shall be true and correct in all material respects as of the Closing Date with the same effect as though made on the Closing Date, except as otherwise specifically contemplated by this Agreement.

8.2 Covenants and Agreements Performed. Sellers shall have complied on or before the Closing Date in all material respects with each of the covenants or agreements of Sellers contained in this Agreement to be performed on or before the Closing Date.

8.3 Officer's Certificate. Buyer shall have received a certificate in the form of Exhibit 8.3 hereto, dated as of the Closing Date, of the President or a Vice President of Parent certifying as to the matters specified in Sections 8.1 and 8.2.

8.4 Legal Opinion. Buyer shall have received from Thompson & Knight, P.C., counsel for Sellers, an opinion dated the Closing Date, substantially in the form of Exhibit 8.4 hereto.

8.5 HSR Act. All required filings under the HSR Act shall have been made as required and the waiting period (and any extension thereof) under the HSR Act relating to the transactions contemplated hereby shall have expired or been terminated without governmental objection thereto.

ARTICLE IX

COVENANTS AND AGREEMENTS OF THE PARTIES BEFORE, RELATING TO AND SUBSEQUENT TO THE CLOSING

Sellers and Buyer hereby covenant and agree as follows:

9.1 Expenses. Except as otherwise expressly provided in this Agreement, each of the parties hereto shall assume and bear all expenses, costs and fees incurred or assumed by such party in the preparation and execution of this Agreement and in compliance with and performance of the agreements and covenants contained in this Agreement, regardless of whether the transactions contemplated hereby are consummated.

9.2 HSR Act Compliance. The parties shall comply with all provisions of the HSR Act. Sellers and Buyer agree to cooperate with each other and furnish all information to the other party that is necessary in

connection with the HSR Act filings required to be made by the parties hereto. Buyer and Parent each agree to request early termination of any applicable waiting period under the HSR Act.

9.3 Access. Until the Closing, Sellers shall give the officers, employees and attorneys of Buyer reasonable access, subject to Applicable Laws, during normal business hours upon Buyer's reasonable prior notice to Parent, to the Purchased Assets and the records of Sellers specifically relating thereto. Sellers will cooperate fully with such representatives of Buyer in connection with such review. Buyer will hold in strict confidence and not use for purposes other than those contemplated by this Agreement any documents or information furnished concerning Sellers or the Purchased Assets. Such confidence shall be maintained for at least two years after the date of this Agreement. If the transactions contemplated by this Agreement shall not be consummated, all such documents and all copies thereof shall immediately thereafter be returned to Parent, and all documents prepared by Buyer or any of its Affiliates or their representatives shall be destroyed. The confidentiality obligations set forth in the preceding sentence shall not apply to information (i) in the public domain, (ii) obtained by Buyer from a third party source with the right to disclose such information or (iii) with respect to which disclosure is required by law in the opinion of counsel to Buyer reasonably acceptable to Parent.

9.4 Conduct of Business and Preservation of Assets. Until the Closing, Buyer and Sellers agree to cooperate with each other to effect an orderly transition of the ongoing operation of the Purchased Assets and Sellers shall use their respective Best Efforts to preserve, maintain and protect the Purchased Assets. From and after the date of this Agreement and until the Closing Date, without the prior express written consent of Buyer, which consent shall not be unreasonably withheld or delayed, Sellers will not, and Parent will not permit any of its Affiliates to, (i) make any material change in the conduct

of the ongoing operation of the Rigs taken as a whole, (ii) enter into any new drilling contracts with respect to the Rigs or any other contracts or agreements with respect to the Rigs other than in the ordinary course of business and only if such contracts are not expected to extend beyond 90 days, or amend, in any respect adverse to Sellers or Buyer, any Drilling Contract, Other Contract or Lease, (iii) enter into any footage or turnkey drilling contracts or (iv) commit itself to do any of the foregoing.

9.5 Transition of Business Operations. Buyer will use its Best Efforts to obtain and to cause any Buyer Designee to obtain prior to the Closing Date all requisite qualifications or licenses to transact business as a foreign corporation in each jurisdiction in which the consummation of the

transactions contemplated hereby or the nature of the business to be conducted by it after the Closing requires it so to be qualified or licensed. If Buyer or any Buyer Designee is not so duly qualified or licensed on the Closing Date, then (i) Buyer agrees to use its Best Efforts to become or to cause each Buyer Designee to become so qualified or licensed at the earliest practicable date and (ii) Sellers agree to cooperate with Buyer to effect the consummation of the transactions contemplated by this Agreement, provided same can be effected without violation of law in the jurisdiction involved and any additional expense associated with same is borne by Buyer.

9.6 Litigation. Until the Closing, Parent will promptly notify Buyer of any action, suit, proceeding, claim or investigation which is overtly threatened or commenced against a Seller which is not fully insured against (except standard deductible or self-retention amounts) and which relates to or affects the Purchased Assets or this Agreement or the transactions contemplated hereby, and Buyer will promptly notify Parent of any action, suit, proceeding, claim or investigation which is overtly threatened or commenced against Buyer which is not fully insured against (except standard deductible or self-retention amounts) and which relates to and materially and adversely affects Buyer or its business or affects this Agreement or the transactions contemplated hereby.

9.7 Certain Taxes. Buyer shall be liable for and shall pay all applicable sales, use, transfer, stamp, recording, value added or similar taxes and assessments resulting from the consummation of the transactions contemplated hereby, and Buyer and Sellers agree to cooperate to obtain all available exemptions from such taxes. All ad valorem taxes, utility and other service charges and other taxes, fees and expenses relating to the Purchased Assets (collectively, "Taxes"), for all periods up to and including the Closing Date shall be the obligations of Sellers and for all periods following the Closing Date shall be the obligation of Buyer. All Taxes relating to periods prior to the Closing that have been assessed prior to Closing and that are not then being diligently contested in good faith by appropriate proceedings shall be paid by a Seller prior to the Closing. Each Seller shall promptly pay from time to time such Seller's prorated share of all Taxes to Buyer upon Buyer's request accompanied by appropriate documentation that such Taxes are due and payable. Buyer agrees to pay such amounts on behalf of such Seller and to indemnify such Seller with respect to any Claims (as defined in Section 12.2) for such Taxes if a Seller shall have paid to Buyer such Seller's pro rata share thereof, if any. Sellers

and Buyer agree to cooperate with each other in order to reduce the amount of taxes or other assessments imposed on or charged to any Seller or Buyer as a result of the consummation of the transactions contemplated by this Agreement; provided, that neither any Seller nor Buyer shall be obligated to take any

action that it determines in its sole discretion may subject it to additional taxes, liabilities or expenses.

9.8 Actions with Respect to Closing. Each Seller will use its Best Efforts to obtain and to cause each Seller Designee to obtain the satisfaction of the conditions to Closing applicable to such Seller set forth in Article VIII as soon as practicable. Buyer will use its Best Efforts to obtain and to cause each Buyer Designee to obtain the satisfaction of the conditions to Closing applicable to Buyer set forth in Article VII as soon as practicable.

9.9 Public Statements. Prior to making any news release or other announcement concerning the transactions contemplated hereby, Buyer and Parent shall consult with each other regarding the proposed contents thereof (but no approval thereof shall be required).

9.10 Books and Records. Sellers shall have the right, at their own expense, at any time or from time to time within five years after the Closing Date during reasonable business hours upon reasonable notice to Buyer to inspect, and make copies of or extracts from, any of the records delivered to Buyer at the Closing that are in the possession of Buyer or its Affiliates. None of the records in the possession of Buyer shall be destroyed prior to December 31, 2001 or five years after generated, whichever is earlier, without the consent of Parent, unless first reproduced by microfilm or any other similar process. In the event that Buyer shall wish to destroy any of such records at any time or from time to time after the Closing Date, Buyer shall give not less than 60 days' notice to Parent and Parent shall have the right, at its own expense, during reasonable business hours to remove such records and to keep possession of the same.

9.11 Purchased Asset Loss. Notwithstanding any other provision of this Agreement:

(a) If any Purchased Asset shall become an actual or constructive total loss (as determined by Parent's insurance underwriter) prior to the Closing Date: (i) Buyer shall not be required to purchase such Purchased Asset, (ii) the Purchase Price shall be reduced by the amount allocated to such Purchased Asset pursuant to Schedule 3.4, (iii) the term "Purchased Assets" shall be deemed not to include such Purchased Asset and (iv) the other provisions of this Agreement shall continue to be in effect and the Closing shall take place in the manner contemplated herein.

(b) Without limiting any Seller's obligations under Section 9.4, if a Purchased Asset sustains damage not amounting to an actual or constructive total loss prior to the Closing Date, either (i) the Seller shall repair or cause to be repaired the damage to the Purchased Asset at such Seller's own expense or (ii) in the case of damage to a Purchased

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Asset in respect of which insurance proceeds are available, Buyer, at its option, may require such Seller to assign to Buyer at the Closing the rights such Seller has to receive insurance proceeds in respect of such loss or damage and pay to Buyer the amount by which any such insurance proceeds otherwise payable to Buyer are reduced by any deductible or deductibles under the terms of the relevant policy or policies (offset by any amounts paid through the Closing Date by Seller for such repair), and, in the case of either (i) or (ii) above, Buyer shall remain obligated to purchase the Purchased Assets on the Closing Date and the Purchase Price shall not be reduced. If, pursuant to this subsection (b), Buyer is to conduct or cause to be conducted repairs to a damaged Purchased Asset subsequent to Closing, then Parent and Buyer shall agree on a plan for the manner of conduct and the scope of such repairs, and no Seller shall be obligated to pay costs resulting from any deviation from such plan.

9.12 Use of Name. Buyer agrees that (i) it will not use the name "Noble" or "Noble Drilling" or any derivative thereof, and (ii) it will within five days from the Closing Date, remove from the Purchased Assets or paint over such name and any logos, symbols or trademarks relating thereto.

9.13 Continued Effectiveness of Representations and Warranties. Each Seller and Buyer shall use its Best Efforts to cause the representations and warranties made by it herein to continue to be true and correct on and as of the Closing Date as if made on and as of the Closing Date. Nothing contained in this Section 9.13 shall be construed as being inconsistent with or in derogation of Sections 12.1 or 12.5.

9.14 Performance Bonds; Import Duties. If a Seller has posted a performance or other similar bond or letter of credit in connection with such Seller's ownership or operation of the Rigs or its performance under a Drilling Contract, Buyer and such Seller shall cooperate with each other in order (i) for such Seller to obtain the release of any such bond and (ii) to the extent required, for Buyer to obtain a substitute bond or letter of credit or to assume such Seller's existing bond. Sellers and Buyer agree to cooperate with each other in order to reduce import duties assessed against any Seller or Buyer as a result of the consummation of the transactions contemplated by this Agreement, if any, including by postponing the date of transfer of legal title to any Rig operating in a foreign country until completion of the Drilling Contract under which such a Rig is operating on the Closing Date; provided, that neither any Seller nor Buyer shall be obligated to take any action that it determines in its sole discretion may subject it to additional import duties, liabilities or expenses. Buyer shall reimburse a Seller for all costs incurred by such Seller as a result of such Seller's leaving a performance or similar bond or letter of credit in place after the Closing Date in order to permit Buyer to operate the Purchased Assets after the Closing Date.

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9.15 Post-Closing Collection, Payment and Administrative Procedures. Subsequent to Closing, (i) Buyer agrees to deliver to Parent, within three Business Days of Buyer's receipt of same, any and all (A) monies paid to or received by Buyer in respect of amounts due Sellers or their Affiliates, including, but not limited to, payment of receivables, refunds, rebates, release of performance or similar bonds or letters of credit, and (B) inquiries, correspondence or documents received by Buyer related to such amounts; and (ii) Sellers agree to deliver to Buyer, within three Business Days of Sellers' receipt of same, any and all (A) monies paid to or received by Sellers in respect of amounts due Buyer or any of Buyer's Affiliates, including, but not limited to, payment of receivables, refunds, rebates, release of performance or similar bonds or letters of credit, and (B) inquiries, correspondence or documents received by Sellers related to such amounts.

9.16 Removal of Certain Purchased Assets. Certain items of Inventory are currently stored at the Triton Tool and Supply, Inc. facility located at 11917 FM 529 in Houston, Texas, which items are noted on Schedule 2.1(c). As soon as practicable, and in any event within 120 days following the Closing Date, Buyer will move such items of Inventory off the premises at Buyer's expense. Sellers agree to cooperate with Buyer in scheduling such removal.

ARTICLE X

EMPLOYEES

10.1 Employees.

(a) For the purposes of this Agreement, "Employees" shall mean the employees of Sellers or any of their Affiliates listed on Schedule 10.1(a). Schedule 10.1(a) sets forth a list of the names, positions and salaries or hourly rates, as applicable, of the Employees as of the date hereof. At the Closing, Seller shall deliver to Buyer a revised Schedule 10.1(a) updating such information as of the Closing Date.

(b) Immediately following the Closing Date, Buyer shall offer employment to all Employees at salaries or hourly rates at least equal to the salaries or hourly rates payable to Buyer's employees in similar jobs and locations. Employees who are hired by Buyer or an Affiliate of Buyer will have the same rights to retaining their jobs in a layoff and rights of recall from layoff as exist for Buyer's other employees of like job status and service.

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(c) Immediately following the Closing Date, Buyer shall provide all Employees hired by Buyer or its Affiliates with employee benefits under employee benefit plans which are no less favorable than the employee benefits provided for Buyer's or its subsidiaries' employees and former employees as of the date hereof. Under such benefit plans, programs and arrangements, (i) service with Sellers and any of their Affiliates shall be counted for purposes of determining (A) any period of eligibility to participate or to vest in benefits, including vacation rights, and (B) the amount or accrual of benefits under such plans, programs and arrangements, and (ii) any amounts previously expended by the Employees for purposes of satisfying deductibles under any medical or dental plans of Sellers or any of their Affiliates for the applicable current plan year shall be credited for purposes of satisfying any deductibles under Buyer's or its subsidiaries' plans and any prior years of service for preexisting condition limitations shall be credited to the Employees upon admittance into any health benefits plan, program or arrangement maintained by Buyer or its subsidiaries. Employees shall be eligible for 1996 vacations based on Buyer's general policies with no waiting period (offset by any vacations taken in 1996 prior to the Closing Date).

ARTICLE XI

TERMINATION

11.1 Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing:

(a) by mutual written consent of Buyer and Parent;

(b) by either Buyer or Parent, if there shall be any statute, rule or regulation that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited or a Governmental Entity shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby, and such order, decree, ruling or other action shall have become final and nonappealable;

(c) by Buyer, if

(i) the Closing shall not have occurred by January 31, 1997 (provided that the right to terminate this Agreement under this clause (i) shall not be available to Buyer if Buyer's failure to fulfill any of its obligations under this Agreement or its misrepresentation or breach of warranty hereunder has been the sole cause thereof); or

(ii) there has been a material breach by any Seller of any covenant or agreement, or a material inaccuracy of any representation

or warranty of any Seller, contained in this Agreement which has rendered the satisfaction of any

condition to the obligations of Buyer impossible and such breach or inaccuracy has not been cured by any Seller within five Business Days after Parent's receipt of notice thereof from Buyer, or waived by Buyer; or

(d) by Parent, if

(i) the Closing shall not have occurred by January 31, 1997 (provided that the right to terminate this Agreement under this clause (i) shall not be available to Parent if Sellers' failure to fulfill any of their obligations under this Agreement or their misrepresentation or breach of warranty hereunder has been the sole cause thereof); or

(ii) there has been a material breach by Buyer of any covenant or agreement, or a material inaccuracy of any representation or warranty of Buyer, contained in this Agreement which has rendered the satisfaction of any condition to the obligations of Sellers impossible and such breach or inaccuracy has not been cured by Buyer within five Business Days after Buyer's receipt of notice thereof from any Seller, or waived by Parent.

11.2 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 11.1 by Buyer or Parent, written notice thereof shall forthwith be given to the other party specifying the provision hereof pursuant to which such termination is made, and this Agreement shall become void and have no effect, and, other than as set forth in Section 3.2 with regard to Sellers' right to receive the Deposit as liquidated damages, there shall be no liability hereunder on the part of Buyer or Seller or any of their respective directors, officers, employees, stockholders or representatives, except that the agreements contained in this Section 11.2 and in Article XII and Sections 5.13, 6.6, 9.1 and 9.3 shall survive the termination hereof. Nothing contained in this Section 11.2 shall relieve any party from liability for damages actually incurred (excluding consequential damages) for breach of any covenant or agreement, or for the inaccuracy of any representation or warranty, contained herein.

ARTICLE XII

EXTENT AND SURVIVAL OF REPRESENTATIONS,
WARRANTIES, COVENANTS AND AGREEMENTS

12.1 Scope of Representations of Sellers. Except as and to the extent set forth in Article V, Sellers make no other representations or warranties, and disclaim all liability and responsibility for any representation, warranty, statement or information made or communicated (orally or in writing) to Buyer (including, but not limited to, any opinion, information, projection or advice that may have been provided to Buyer by any officer, director, employee, agent, consultant or representative of Sellers, or any Affiliate thereof, including without limitation, Simmons & Company International or Sellers' counsel). WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLERS MAKE NO REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO (A) THE CONTENTS OF THE DESCRIPTIVE MEMORANDUM DATED AUGUST 1996, RELATING TO "THE LAND DRILLING DIVISION OF NOBLE DRILLING CORPORATION", (B) THE MAINTENANCE, REPAIR, CONDITION, DESIGN, WORKMANSHIP, SUITABILITY, UTILITY OR MARKETABILITY OF THE RIGS OR OTHER PURCHASED ASSETS OR ANY PORTION THEREOF OR PROPERTY THEREON OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, OR (C) ANY OTHER MATERIALS OR INFORMATION THAT MAY HAVE BEEN MADE AVAILABLE OR COMMUNICATED TO BUYER OR ITS AGENTS, CONSULTANTS OR REPRESENTATIVES IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY DISCUSSION OR PRESENTATION RELATING THERETO, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, IT BEING THE EXPRESS AGREEMENT OF BUYER AND SELLERS THAT EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, BUYER WILL OBTAIN RIGHTS IN THE PURCHASED ASSETS IN THEIR PRESENT CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS" AND "WITH ALL FAULTS." Buyer acknowledges and affirms that it will have had the opportunity to complete its own independent investigation, analysis and evaluation of the Purchased Assets, that it has been afforded the opportunity to inspect the Purchased Assets, that in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby it has relied solely on its own independent investigation, analysis and evaluation of the Purchased Assets and on the express representations and warranties by Sellers made in Article V hereof as a basis for entering into this Agreement, and that it has made all such reviews and inspections of the foregoing as it has deemed necessary or appropriate.

12.2 Indemnification by Parent. With respect only to the representations, warranties, covenants and agreements made herein that, pursuant to Section 12.5, shall survive after the Closing Date, Parent agrees to reimburse Buyer for, and indemnify and hold Buyer harmless from, any losses, liabilities, claims, demands, damages (excluding

consequential damages), costs or expenses (including reasonable attorneys' fees) of every kind, nature and description (collectively, "Claims") sustained by Buyer arising out of or resulting from any inaccuracy in or breach of any of the representations, warranties, covenants or agreements made by Sellers herein; provided, however, that Parent shall have no liability pursuant to this Section 12.2 for the first $100,000 of aggregate Claims incurred by Buyer (the "Buyer Basket") and Parent shall be responsible only for such amounts or such Claims as exceed the Buyer Basket; and provided further, however, that the aggregate of all Claims for which Buyer is entitled to reimbursement hereunder shall not exceed the Purchase Price.

12.3 Indemnification by Buyer. Subject to Section 12.5, Buyer hereby agrees to reimburse Sellers for, and indemnify and hold Sellers harmless from, any Claims sustained by Sellers arising out of or resulting from (i) any inaccuracy in or breach of any of the representations, warranties, covenants or agreements made by Buyer herein or (ii) except to the extent Buyer is entitled to indemnification from Parent in respect of any Sellers' breach of the representations and warranties of Sellers set forth in Section 5.12, damage to the environment, environmental cleanup, remediation or compliance, or for any other relief, arising directly or indirectly from or incident to, the use, occupation, operation, maintenance or condition (whether latent or patent) of any of the Purchased Assets, including without limitation, contamination of the property or premises with Naturally Occurring Radioactive Materials (NORM), whether or not any such Claims result from conditions, actions or inactions present or existing on or before the Closing (collectively, "Environmental Claims"); provided, however, that Buyer shall have no liability pursuant to this Section 12.3 for the first $100,000 of aggregate Claims incurred by Sellers (the "Seller Basket") and Buyer shall be responsible only for such amounts of such Claims as exceed the Seller Basket; and provided further, however, that the aggregate of all Claims for which Sellers are entitled to reimbursement hereunder shall not exceed the Purchase Price.

12.4 Indemnification Procedure. Any party seeking information or reimbursement for Claims hereunder (the "Indemnified Party") shall notify the party from which such indemnification is sought (the "Indemnifying Party") within 45 Business Days of the assertion of any Claim or discovery of any fact (which fact has been brought to the attention of a responsible executive officer of the Indemnified Party) upon which the Indemnified Party intends to base a claim for indemnification or reimbursement hereunder. The failure of the Indemnified Party so to notify the Indemnifying Party shall relieve the Indemnifying Party from any liability under this Agreement to the Indemnifying Party with respect to such claim for indemnification or reimbursement. In the event of any claims for indemnification or reimbursement, the Indemnifying Party, at its option, may assume (with legal counsel reasonably acceptable to the Indemnified Party) the defense of any claim, demand, lawsuit or other proceeding brought against the Indemnified Party, which claim, demand, lawsuit or other proceeding may give rise to the indemnity or reimbursement obligation of the Indemnifying Party hereunder, and may assert any defense of any party; provided, however, that the Indemnified Party shall have

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the right at its own expense to participate jointly with the Indemnifying Party in the defense of any claim, demand, lawsuit or other proceeding in connection with which the Indemnified Party claims indemnification or reimbursement hereunder. Notwithstanding the right of the Indemnified Party so to participate, the Indemnifying Party shall have the sole right to settle or otherwise dispose of such claim, demand, lawsuit or other proceeding on such terms as the Indemnifying Party, in its sole discretion, shall deem appropriate with respect to any issue involved in such claim, demand, lawsuit or other proceeding as to which (i) the Indemnifying Party shall have acknowledged the obligation to indemnify the Indemnified Party hereunder, or (ii) the Indemnified Party shall have declined so to participate; provided, however, that no such Claim shall be settled by the Indemnifying Party in any manner that could reasonably be expected to have a material adverse effect on the business of the Indemnified Party and its subsidiaries, taken as a whole, without the prior written consent of the Indemnifying Party.

12.5 Survival. The representations, warranties, covenants and agreements set forth in this Agreement and in any certificate or instrument delivered in connection herewith shall terminate upon Closing, following which no party may bring any action or present any claim for the inaccuracy or breach of such representations, warranties, covenants and agreements, except that the representations, warranties, covenants and agreements set forth in Sections 3.2, 3.4, 5.1, 5.2, 5.12, 5.13, 6.1, 6.2, 6.6, 9.1, 9.3, 9.5, 9.7, 9.9, 9.10, 9.11, 9.12, 9.14, 9.15, 9.16 and 11.2 and Articles II, VII, VIII, X and XIII and in the General Assignment and the Deeds shall survive the Closing Date.

12.6 Tax Benefits; Insurance Proceeds. In determining the amount of any Claim, for which any party is entitled to reimbursement under Article XII of this Agreement, the gross amount thereof will be reduced by any correlative net tax benefit or insurance proceeds realized or to be realized by such party and such correlative insurance benefit shall be net of any insurance premium that becomes due as a result of such claim.

12.7 Applicability of Indemnification Obligation. EACH OF THE AGREEMENTS TO INDEMNIFY, DEFEND OR HOLD HARMLESS CONTAINED IN SECTION 12.2 OR 12.3 SHALL APPLY IRRESPECTIVE OF WHETHER THE SUBJECT CLAIM IS BASED IN WHOLE OR IN PART UPON THE SOLE OR CONTRIBUTORY NEGLIGENCE (WHETHER ACTIVE, PASSIVE OR GROSS), BREACH OF WARRANTY, OR BREACH OR VIOLATION OF ANY DUTY IMPOSED BY ANY LAW OR REGULATION, ON THE PART OF THE BENEFICIARY OF THE AGREEMENT, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT.

ARTICLE XIII

MISCELLANEOUS

13.1 Notices. All notices and other communications required or permitted to be given or made hereunder by either party hereto shall be in writing and shall be deemed to have been duly given if delivered personally or transmitted by first class registered or certified mail, postage prepaid, return receipt requested, or sent by prepaid overnight delivery service, or sent by cable, telegram, telefax or telex, to the parties at the following addresses (or at such other addresses as shall be specified by the parties by like notice):

If to Buyer:

Nabors Industries, Inc.
515 West Greens Road
Suite 1200
Houston, Texas 77067-4525
Attention: Richard A. Stratton
Vice Chairman
Telephone: (713) 775-8033
Facsimile: (713) 775-8002

If to Sellers:

Noble Drilling Corporation
10370 Richmond Avenue
Suite 400
Houston, Texas 77042
Attention: James C. Day, Chairman, President and
Chief Executive Officer
Telephone: (713) 974-3131
Facsimile: (713) 953-1126

with a copy to:

Thompson & Knight, P.C.
1700 Pacific Avenue
Suite 3300
Dallas, Texas 75201
Attention: Robert D. Campbell
Telephone: (214) 969-1353
Facsimile: (214) 969-1751

Such notices, demands and other communications shall be effective (i) if delivered personally or sent by courier service, upon actual receipt by the intended receipt, (ii) if mailed, upon the earlier of five days after deposit in the mail or the date of delivery as shown by the return receipt therefor, or (iii) if sent by telecopy or facsimile transmission, when confirmation of receipt is received.

13.2 Entire Agreement. This Agreement, including the Schedules, Exhibits, Annexes and other writings referred to herein or delivered pursuant hereto, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

13.3 Amendments and Waiver; Rights and Remedies. This Agreement may be amended, superseded, cancelled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of either party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of either party of any such right, power or privilege, or any single or partial exercise of any such right, power or privilege, preclude any further exercise thereof or the exercise of any other such right, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any party may otherwise have at law or in equity. The rights and remedies of either party based upon, arising out of or otherwise in respect of any inaccuracy in or breach of any representation, warranty, covenant or agreement contained in this Agreement shall in no way be limited by the fact that the act, omission, occurrence or other state of facts upon which any claim of any such inaccuracy or breach is based may also be the subject matter of any other representation, warranty, covenant or agreement contained in this Agreement (or in any other agreement between the parties) as to which there is no inaccuracy or breach.

13.4 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas, without regard to the principles of conflicts of laws thereof.

13.5 Binding Effect; Assignment.

(a) This Agreement and all the provisions hereof shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns, and all future conveyances of all or any portion of the Real Property shall expressly recognize and perpetuate the rights and obligations set out in this Agreement; provided, however, that neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either of the parties hereto (by operation of law or otherwise) without the prior written consent of the other party, except as provided in subsection (b) below.

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(b) (i) Sellers may upon notice to Buyer cause one or more of Parent's wholly owned subsidiaries (direct or indirect) (a "Seller Designee") to purchase any or all of the Purchased Assets from a Seller in order to allow such Seller Designee to become a transferor of such Purchased Assets hereunder; provided, however, that (y) each Seller Designee shall be made a party to this Agreement at or prior to the Closing and (z) no such designation shall relieve any Seller of any of its duties, liabilities or obligations hereunder.

(ii) Buyer may upon notice to Sellers direct that title to all or part of the Purchased Assets be taken in one or more of Buyer's wholly owned subsidiaries (direct or indirect) (a "Buyer Designee"); provided, however, that (y) each Buyer Designee shall be made a party to this Agreement at or prior to the Closing and (z) no such designation shall relieve Buyer of any of its duties, liabilities or obligations hereunder.

13.6 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

13.7 References. All references in this Agreement to Articles, Sections and other subdivisions refer to the Articles, Sections and other subdivisions of this Agreement unless expressly provided otherwise. The words "this Agreement," "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited.

13.8 Severability of Provisions. If any provision of this Agreement is held to be unenforceable, this Agreement shall be considered divisible and such provision shall be deemed inoperative to the extent it is deemed unenforceable, and in all other respects this Agreement shall remain in full force and effect; provided, however, that if any such provision may be made enforceable by limitation thereof, then such provision shall be deemed to be so limited and shall be enforceable to the maximum extent permitted by applicable law.

13.9 Gender. Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

13.10 Descriptive Headings. The descriptive headings herein are inserted for convenience of reference only, do not constitute a part of this Agreement, and shall not affect in any manner the meaning or interpretation of this Agreement.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers hereunto duly authorized as of the date first above written.

NABORS INDUSTRIES, INC.

By:

Eugene M. Isenberg, Chairman and
Chief Executive Officer

NOBLE DRILLING CORPORATION

By:

James C. Day, Chairman, President and
Chief Executive Officer

NOBLE PROPERTIES, INC.

By:

Byron L. Welliver, President

NOBLE DRILLING (CANADA) LTD.

By:

James C. Day, President

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INDEX TO SCHEDULES AND EXHIBITS

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<CAPTION>

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<S>	<C>
2.1(a)	Marketed Rigs
2.1(b)	Stacked Rigs
2.1(c)	Inventory
2.1(d)(i)	Leases
2.1(d)(ii)	Real Property
2.1(e)(ii)	Permits
2.1(f)(i)	Drilling Contracts
2.1(f)(ii)	Other Contracts
2.5(b)	Engineering Drawings, etc.
3.4	Allocation of Purchase Price
5.6	Seller's Defaults
5.7(a)	Seller's Litigation
5.7(b)	Seller's Governmental Notifications
5.8	Seller's Governmental Approvals
5.9	Seller's Compliance With Laws
5.14	Seller's Decrees, etc.
5.15	Seller's Performance Bonds; Letters of Credit
6.4	Buyer's Governmental Approvals
10.1(a)	Employees

Exhibit Number	
2.4	Form of Agreement Regarding Nonassigned Contracts
3.1(a)	Form of Escrow Agreement
4.2(a)	Form of General Assignment
4.2(d)	Form of Deed
7.3	Form of Buyer's Officer's Certificate
7.4	Buyer's Opinion of Counsel
8.3	Form of Sellers' Officer's Certificate
8.4	Sellers' Opinion of Counsel

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SCHEDULE 2.1(D)(I)

LEASES

1.* Lease Agreement dated March 1, 1992 between Jaygee Brothers and Noble Drilling (U.S.) Inc. relating to yard in Evanstan, Wyoming.

2.* Lease Agreement dated February 20, 1996 between Blackhills Trucking and Noble Drilling (U.S.) Inc. relating to yard in Williston, North Dakota.

3. Lease Amendment Agreement dated May 17, 1994 between Pensionfund Properties Limited and Noble Drilling (Canada) Ltd. relating to office in Calgary, Alberta.

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* This lease is currently held by Noble Drilling (U.S.) Inc., an Affiliate of Parent. Before Closing, either this lease will be assigned to a Seller or Noble Drilling (U.S.) Inc. will become a party to the Agreement.

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SCHEDULE 2.1(D)(II)

REAL PROPERTY

Breen Road facility:	14.9965 acres of land (called 15.0000 acres) being part of a called 37.725 acre tract in a called 450 acre tract, lying in the James Clarkson Survey, Abstract No. 188, Harris County, Texas, as recorded in Volume 971, Page 374 of the Deed Records of Harris County, Texas, said 14.9965 acres.
Shreveport yard:	Block 35, Manchester Subdivision, a subdivision in Caddo Parish, Louisiana, as per plat recorded in Block 150, pages 376 and 377 of the Conveyance Records of Caddo Parish, Louisiana, together with all of Overdyke Avenue, lying to the East of Block 35,

	Manchester Subdivision and together with KCS Railway right-of-way running across the herein-described property as abandoned in the records of Caddo Parish, Louisiana (also described as Northeast Corner of Pullerton and McClelland).
Oklahoma City facility:	A part of the Northeast Quarter (NE/4) of Section 35, Township 12 North, Range 5 West of the Indian Meridian, Canadian County, Oklahoma, subject to that certain Reciprocal Easement Agreement dated April 14, 1992 by and between Noble Drilling Corporation and C K Investment Corp.
Nisku facility:	Plan 862 2163; Block (A); Containing 15.204 hectares (37.57 Acres) more or less; (N.W. 19-50-24-W4); Excepting thereout all mines and minerals.

SCHEDULE 5.6

SELLER'S DEFAULTS

None.

SCHEDULE 5.7(A)

SELLER'S LITIGATION

None.

SCHEDULE 5.7(B)

SELLER'S GOVERNMENTAL NOTIFICATIONS

None.

SCHEDULE 5.8

SELLER'S GOVERNMENTAL APPROVALS

None.

SCHEDULE 5.9

SELLER'S COMPLIANCE WITH LAWS

None.

SCHEDULE 5.14

SELLER'S DECREES, ETC.

None.

SCHEDULE 5.15

SELLER'S PERFORMANCE BONDS; LETTERS OF CREDIT

None.

SCHEDULE 5.7(B)

SELLER'S GOVERNMENTAL NOTIFICATIONS

None.

SCHEDULE 6.4

BUYER'S GOVERNMENTAL APPROVALS

None.

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EXHIBIT 13

NABORS INDUSTRIES

1996 ANNUAL REPORT

[PHOTO]

2

[PHOTO]

3

[PHOTO]

REVENUES

4

[CHART]

REVENUES

5

[PHOTO]

OPERATING INCOME (LOSS)

6

[CHART]

OPERATING INCOME (LOSS)

7

[PHOTO]

STOCKHOLDERS' EQUITY (DEFICIT)

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[CHART]

STOCKHOLDERS' EQUITY (DEFICIT)

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FINANCIAL HIGHLIGHTS NABORS INDUSTRIES, INC. AND SUBSIDIARIES
(In thousands, except per share amounts)

<TABLE>
<CAPTION>

	Year Ended September 30,									
OPERATING DATA	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	$719,743	$572,788	$484,268	$419,406	$312,407	$264,239	$153,920	$ 85,600	$ 63,060	$ 33,126
Depreciation and amortization	46,117	31,042	26,241	22,434	16,526	10,119	5,232	3,884	3,502	5,855
Operating income (loss)	77,099	58,555	9,299	38,257	34,705	30,324	14,383	5,346	403	(72,790)
Net income (loss)	70,500	51,104	1,350	38,558	33,740	29,724	16,401	7,165	23,522	(84,953)
Net income (loss) per share - primary	$ .76	$ .58	$ .02	$ .50	$ .46	$ .42	$ .27	$ .14	$ .85	$ (5.90)
Weighted average number of shares	93,162	88,018	85,620	77,806	74,037	70,395	61,143	51,644	27,671	14,403

</TABLE>

<TABLE>
<CAPTION>

	As of September 30,									
BALANCE SHEET DATA	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Cash and short-term marketable securities	$104,027	$ 15,334	$ 45,232	$ 70,458	$ 14,783	$ 15,139	$ 29,332	$ 6,484	$ 13,354	$ 6,509
Working capital	172,091	33,892	77,248	113,653	33,831	15,650	40,956	7,784	8,678	4,433
Property, plant and equipment, net	511,203	393,464	283,141	270,865	220,761	185,543	109,928	42,728	28,357	36,435
Total assets	871,274	593,272	490,273	493,927	339,930	285,615	226,846	75,519	61,123	54,086
Long-term obligations	229,504	51,478	61,879	73,109	49,294	37,489	37,729	7,760	4,254	65,864
Stockholders' equity (deficit)	457,822	368,750	317,424	307,583	201,058	157,302	117,335	47,215	36,101	(26,787)
Capital expenditures and acquisitions	174,483	144,560	62,907	84,752	61,124	88,104	73,943	19,751	7,414	3,248

</TABLE>

<TABLE>
<CAPTION>

	Year Ended September 30,									
GEOGRAPHIC DISTRIBUTION	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues										
North America	$532,638	$416,475	$323,149	$235,716	$147,506	$165,438	$101,335	$ 67,888	$ 63,060	$ 33,126
International	187,105	156,313	161,119	183,690	164,901	98,801	52,585	17,712	--	--
	$719,743	$572,788	$484,268	$419,406	$312,407	$264,239	$153,920	$ 85,600	$ 63,060	$ 33,126
Operating income (loss)										
North America	$ 61,611	$ 47,989	$ 35,246	$ 26,092	$ 12,618	$ 15,119	$ 9,422	$ 9,116	$ 4,390	$(70,311)
International	27,848	20,293	(14,663)	23,091	35,111	27,527	13,640	609	--	--
Corporate	(12,360)	(9,727)	(11,284)	(10,926)	(13,024)	(12,322)	(8,679)	(4,379)	(3,987)	(2,479)
	$ 77,099	$ 58,555	$ 9,299	$ 38,257	$ 34,705	$ 30,324	$ 14,383	$ 5,346	$ 403	$(72,790)

</TABLE>

TO OUR SHAREHOLDERS

Fiscal 1996 was a year of financial and operational achievements that established a framework for an even brighter future. Many important measures of financial performance demonstrated solid growth. Revenues, operating income, net income and cash flow from operations all showed good improvement and our return on equity exceeded 17 percent.

These improvements in our results came from a combination of capital investments, continuing cost control and a market environment that improved as the year progressed. Initial yields from recent investments in new offshore platform rigs in our Sundowner subsidiary and acquisitions in Alaska and the US Lower 48 constituted the largest component. The additional sales of top drives made possible by our expanded CANRIG manufacturing capacity also contributed significantly. Higher utilization and better pricing of our platform drilling and workover jackup rigs became increasingly apparent in our results as the year progressed. A significant increase came from our US Lower 48 operations through the incremental effects of alliances and lower costs.

In many ways fiscal 1996 further validated the philosophy that has governed our approach during the past ten years. The principal elements of that philosophy are:

ESTABLISH AND MAINTAIN A CONSERVATIVE AND FLEXIBLE FINANCIAL POSTURE. Financial strength and flexibility have been vital to our success. Our financial posture has been consistently strong and conservative and we are committed to further enhancing our standing with the credit markets. That became even more evident in 1996 when we achieved the distinction of being the first drilling company since the early 1980s to obtain an investment grade credit rating. This rating and our positive outlook combined to generate significant appeal to debt investors enabling us to complete a very successful $172.5 million convertible debt offering during the third fiscal quarter. The proceeds together with our internal cash generation and short-term borrowing capacity place us in an even more favorable position to capitalize on opportunities as they arise.

BUILD A DIVERSE PORTFOLIO OF MARKET POSITIONS TO MITIGATE RISK AND CREATE POTENTIAL FOR GROWTH. Nabors has evolved from a relatively obscure Canadian and Alaskan contractor into a global leader in land drilling and offshore platform drilling and workover operations. Geographic and market segment diversity have allowed the Company to achieve steady growth in spite of occasional adverse market developments in one or more areas. We strive to develop leading market positions in long-term markets where we can achieve

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[PHOTO]

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sustainable competitive advantages. Achieving these positions requires recognizing opportunities and capitalizing upon them as they arise. Our growth in the US Lower 48 market is a good example. Here we were able to make acquisitions that gave us a strong position in the market, then obtain profitability through economies of scale at a time when most people thought it was impossible to do so.

The addition of Sundowner two years ago is a different example of this diversification and expansion strategy. It has since provided not only a new market segment, but also a number of new investment and growth opportunities that are only partially reflected in this year's results. Similarly, the expansion of our top drive manufacturing subsidiary, CANRIG and the recent acquisition of EPOCH Well Logging, Inc. have enhanced the Company's drilling technology capability. Conversely, due to the lack of significant upside potential, we divested our UK North Sea operations so as to employ the capital and management talent in that unit more productively in other core areas.

FORGE LONG-TERM RELATIONSHIPS WITH CUSTOMERS. Nabors strives to build long-term and mutually beneficial relationships with our customers in each of the markets in which we operate. In the process many of these relationships have evolved into alliances both formal and informal. These range from traditional day-work with and without performance incentives to sole-source supplier arrangements to comprehensive planning and execution of the drilling of a customer's well.

BUILD A CADRE OF TALENTED AND EXPERIENCED PEOPLE. Nabors has always possessed a group of capable people with extensive experience. As we have acquired companies, we have inherited many different organizational styles and cultures. Successfully integrating these various cultures into one homogenous group with high standards of quality and productivity has been a challenge and a key element in our success. Developing and retaining talented and experienced people at all levels of our organization has been and continues to be a priority.

GROW AND REMAIN PROFITABLE IN ANY MARKET ENVIRONMENT. Nabors has been able to achieve substantial growth and profitability in a very difficult market environment. In fact, most of our investments during the last decade were made at a time when few others were willing to invest in the land drilling business. This period was characterized by a steady decline in the US land drilling rig count. During calendar year 1995,

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which included our first fiscal quarter of 1996, it reached its lowest yearly average since World War II. Against this backdrop, Nabors not only saw its results improve, but was able to continue to invest in acquisitions, new rigs and the expansion of CANRIG, thus fostering our growth in 1996 and beyond.

Position the business for the future. In all of our actions we strive to position ourselves for the future by maintaining maximum flexibility. The investments made in people and physical assets over the last few years have brought us to a position that should create an even broader range of opportunities.

This year has seen an upturn in the external market environment that I believe will be lasting, but not without volatility. While commodity prices may not be sustainable at the higher year-end levels, the fundamentals of this business appear to be better than at any time during my association with Nabors. The outlook is likely to remain positive because our customers have been able to maintain a good level of profitability and capital spending even at significantly lower commodity prices. This situation along with advances in seismic and drilling technology have reinvigorated existing markets and created whole new prospects, leading to increased rig demand, particularly for our deeper diesel electric SCR rigs which are in tight supply. These trends appear to be continuing and your Company is focused on meeting the customers' challenge of holding the line on unit costs in the face of increasing rig rates. We expect to accomplish this through higher productivity and efficiency, by continuing to implement improvements in technology and by adopting the industry's best practices. We are constantly striving to achieve higher standards of quality and safety, while broadening the breadth of services we offer our customers.

The balance of this year's report presents our view of the external market environment and the potential created by our enhanced market position. With only 60 percent worldwide utilization of our fleet and an increasingly favorable rig supply/ demand outlook, we believe that we are on the verge of realizing the operating leverage that exists in our Company.

Thank you for your support and, as always, I assure you of our diligence in striving to enhance the value of your holding in Nabors.

Sincerely,

/s/ EUGENE M. ISENBERG
Eugene M. Isenberg
Chairman and Chief Executive Officer

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[PHOTO]

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THE MARKET

The oil and gas market took an apparent turn that holds great promise for Nabors Industries in 1997 and beyond. This optimism can be attributed to several factors.

First, we are seeing some exciting trends in exploration and production. Worldwide exploration spending is rising. Rig demand in Latin and South America is experiencing significant growth, particularly in Venezuela and in the Andean Mountain region of Colombia. The Middle East is experiencing renewed activity, particularly in Saudi Arabia. Alaska is also developing several new fields that were not economically feasible only a few years ago. Offshore activity worldwide has increased substantially, particular in the US Gulf of Mexico, and offshore rig supply and demand has approached balance, causing a rapid rise in dayrates for offshore rigs. Even more important to Nabors is the resurgence of the US land market as a result of a tightened gas supply/demand situation and new prospects identified by 3-D seismic. This is having a positive effect on rig supply/demand balance and correspondingly, is beginning to affect the pricing environment in certain sizes of rigs in active markets.

This activity is being fueled largely by a worldwide increase in demand for oil and gas and by technological achievements like 3-D seismic and horizontal drilling. Advances in technology have played a particularly important role. They have reduced exploration risks by allowing operators to not only identify new drilling prospects with greater certainty, but also to hit these targets with a higher degree of accuracy, and to obtain an accelerated production rate and greater yield from each reservoir. This reduces the operators' unit finding costs significantly, a factor in expanded drilling programs. When combined with internal restructuring and cost cutting, the operator can be profitable at lower oil and gas prices, and thus reduce the fluctuations in their exploration and production spending that usually accompany swings in the price of petroleum on the open market.

While technology is improving operators' success rates, it also leads to deeper, more complex wells. These generally take longer to drill and require larger, more sophisticated rigs, demand for which is now pressing supply. This is beginning to be manifested in higher rig values and increasing dayrates. Because Nabors has a large number of these rigs, even a slight increase in price can have a significant impact on our profitability, one of many reasons why we are enthusiastic about the future.

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THE CUSTOMER

Customers today want continuous improvement in safety and quality in every product and service. They also want to lower their unit finding costs through constant improvements in productivity and technology.

While technological breakthroughs are helping to achieve these goals, they also require a higher level of competency and sophistication on the part of the contractor in the new world of underbalanced, extended reach and horizontal drilling. Nabors can excel here by consistently striving for higher levels of quality in both our equipment and our people.

To focus these resources more effectively, Nabors has increased the number and style of our commercial arrangements. The majority of our work is still on a traditional dayrate basis, but we have also responded to our customers' requests for an expanded relationship. This may take the form of an alliance, which begins with common goals and a division of the work in alignment with each party's core competencies. More of the customer's expertise can now be focused on optimizing the location and type of wellbore in the reservoir so as to maximize the rate and degree of recovery. Other areas, like planning, construction, logistics and actually drilling the well fall to Nabors. These relationships have been successful when there is the right allocation of control and the right balance of risk and reward.

Nabors is also focusing on providing a more comprehensive package of services for our customers at the wellhead. This is being accomplished by providing additional services through our own fleet and by acquiring companies with proprietary technology like CANRIG, our top drive manufacturer, and EPOCH, our well logging and drilling instrumentation subsidiary. Having these additional service capabilities allows the Company to be more of a one stop shop for the convenience of our customers. They also increase our content at the wellhead while simultaneously providing cost savings opportunities for both Nabors and our customers.

THE POSITION

Every year Nabors continues to refine and improve our position in the drilling sector of the oil service business, expanding our assets, our market penetration and our scope of services. As a result, the Company is well positioned to withstand the effects of a market downturn and poised for accelerated growth in what promises to be a dynamic marketplace.

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[PHOTO]

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Our ability to endure fluctuations in markets and commodity prices stems from the balance and diversity of our revenue streams. For instance, approximately 60 percent of the Company's business globally is oil and 40 percent is gas. In North America it's just the opposite, approximately 40 percent oil and 60 percent gas. Land drilling accounts for nearly 70 percent of our gross revenues with the remainder coming from offshore operations. North American operations generate approximately 70 percent of our total revenues while 30 percent come from International operations.

Our potential for growth in this very fragmented market is largely the result of the quantity, quality and diversity of our rigs. At present we have 240 actively marketed rigs in the continental United States land drilling market with a large portion of the more highly sought diesel electric SCR rigs. We also have a good share of the drilling market in Alaska and an equal amount of the oilfield construction and logistics business. This leaves us well positioned to better serve our customer's needs through multi-regional alliances because we have the right rigs in the right places, and a lower cost structure through economics of scale.

Nabors has a significant position in the international land segment, as well. The Company is an active participant in South America, particularly Venezuela and Colombia, and in the Middle East. Offshore, Nabors' Sundowner subsidiary is a leader in offshore platform workover operations and is emerging as a leader in offshore platform drilling with its innovative MASE(TM) rigs, patterned after the highly successful Sundowner workover rig design.

The strength of our market position and the quality of our operating assets will also allow us to continue to participate in synergistic or contiguous business opportunities that provide equipment or services that bring value to ourselves and our customers. This combination of both horizontal and vertical integration has the potential to provide increased wellsite content while generating cost economies for Nabors and our customers.

What this means is that the Company is now well positioned to take advantage of favorable trends wherever and whenever they occur, and diversified enough so that unfavorable trends in any one area will have minimal impact. This bodes well for our customers, our employees and our investors.

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How did Nabors get to this position? Primarily by being willing to implement our strategy of recognizing opportunities, reinvesting our cash flow in rigs and rig companies, achieving economies of scale and diversifying our holdings at a time when many companies continued to scale back. This strategic positioning of the Company combined with a conservative balance sheet and a focus on sustainable markets have brought the Company to the point where it has a greatly expanded horizon of opportunities to grow revenues and control costs.

THE RESOURCES

Since its inception Nabors has been assembling the human, financial and physical resources necessary to be solidly profitable whatever the market conditions, and to further increase earnings when the market is strong. These resources are now in place and give great potential to 1997 and the succeeding years.

One of the primary assets of any company is its human talent pool. Nabors will continue to place a high priority on recruiting and retaining quality people at every level of the organization. Special emphasis is placed on rig crew and field supervisors where our customers see the biggest impact. Nabors has developed a personnel base with experience in virtually every significant oil, gas and geothermal drilling area worldwide. This talent is translatable with Nabors moving people and equipment from one area to another thereby taking advantage of our expertise, experience and knowledge of the best practices in any given situation. Nabors has also assembled an engineering department with similar levels of experience. During the last five years they have designed, built or modified a significant number of rigs, many with proprietary designs and innovative technology. Developing this cadre of employees was very important for Nabors because finding competent and qualified people has and will continue to be a critical issue in the industry.

Another primary resource the Company has is good financial strength and stability. This has not only provided a competitive advantage during acquisitions, but allowed the Company to upgrade and maintain its existing assets. It also allowed the Company to obtain an investment grade credit rating and thus obtain favorable terms for its recently issued subordinated convertible debentures, which were well received and are still selling at a substantial premium. Proceeds from this offering combined with existing credit lines and our continually improving cash flow from operations now give Nabors the size and flexibility to take advantage of a broadened scope of opportunities.

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[PHOTO]

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The Company has assembled a diverse and strategically located rig fleet with rigs of every depth range located in most of the major oil and gas areas of the world. The Nabors fleet includes the industries largest quantity of deep capacity diesel electric rigs. These rigs command higher margins and are in strong demand for deeper, more sophisticated wells. We also have a good share of the highly mobile, shallow and medium depth rigs. The Company's Sundowner subsidiary has the most modular, most mobile offshore platform workover rigs in the industry, and its MASE platform drilling rigs are continuing Sundowner's legacy of enhancing customer economics. Recent acquisitions have also provided the Company with additional high quality rigs, people and component parts, which insure the Company's continuing ability to meet demand.

Finally, Nabors has worked hard to make technology one of its most valuable resources. In addition to the innovative MASE platform drilling rig, the Company also offers a sophisticated top drive system through its CANRIG subsidiary. Our recently acquired EPOCH subsidiary allows the Company to offer mud logging services and drilling instrumentation systems which provide a significant cost benefit to Nabors while increasing the scope of services we can offer to our customers.

THE STRATEGY

To take advantage of the opportunities that are sure to arise in the coming years will require a clearly defined strategy. At Nabors, that strategy is already in place. It's the same one we have used to build the Company into the largest land drilling contractor in the world.

Our strategy includes maintaining our numerous competitive advantages. We are in a strong financial position from which to make appropriate internal and external investments, we have great geographical diversity, we have a very low cost structure and we are constantly expanding the services we offer our customers.

We will continue to focus on our customers' ever evolving needs and how to meet them. In the process we will attempt to build expanded relationships with good customers in long-term, sustainable markets.

We will continue to improve our financial performance through increased yields on existing assets. This will entail a constant focus on cost control while finding additional wellsite content and new ways to improve utilization and margins with

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minimal capital. We have already taken important steps to reduce cost, and supply and demand balance for rigs is paving the way for better yields.

We will continue to invest in upgrading existing assets when the return justifies it. We are doing this in several ways. For instance, we are adding top drives to many of our rigs in response to increased customer demand. We also expect to soon unstack, upgrade and put into service some of the inactive rigs acquired in recent acquisitions.

We will look to invest in new assets where we have a competitive advantage. Our Sundowner MASE rig is a good example of a product with a significant competitive advantage and we expect to build more of these in the future.

We will continue to seek attractive acquisitions. This might include additional land rig capacity when the assets have strategic appeal and there is potential for synergy with what we already own, as was the case with the Noble and Exeter acquisitions. It would also include acquisitions where an infusion of capital would allow us to exploit a technological advantage, as was the case when we acquired Sundowner. We're also looking for technologically advanced products or services which we can integrate with our current operations and which offer the potential for increasing our profitability at the wellhead. The CANRIG and EPOCH acquisitions are good examples.

THE CHALLENGE

There is clearly great optimism surrounding the recently re-energized oil service industry and equal enthusiasm at Nabors with regard to our ability to participate in it. There will be seen and unforeseen challenges, however, and our task will be to anticipate, prepare for and meet these challenges.

Among the foreseen challenges will be finding qualified people as growth and attrition require. The economic state of the industry over the last 15 years curtailed the hiring of much new talent and this has created a shortage of people from that generation. That's why we have implemented a program of hiring undergraduate engineers and technically experienced MBAs who can be rapidly trained to fill our operational and managerial needs at these levels. We've also implemented a training program to upgrade skills at the

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[PHOTO]

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field level, and to develop and train field supervisory personnel. When combined with our active recruiting program it shows great potential to successfully address what is sure to be an industry-wide manpower need.

The next foreseen challenge will be keeping up with market demand for rigs without sacrificing quality and safety. Since we are only at 60 percent capacity, we clearly have the rigs and components to meet a significant amount of increased demand. We also have the financial resources to obtain more of the rigs that are in tight supply by investing in new capacity, reactivations and upgrades.

Finding ways to lower our customers' costs is another foreseen challenge. We are committed to this process and have had great success with the establishment of alliances which have paid dividends for all parties involved. We will continue to investigate the application of emerging technologies and will remain a clearinghouse for the best practices and procedures industry-wide. This effort has played a roll in keeping our customers' costs down and we expect it to play a bigger role in the future.

Risks, be they financial, contractual liability, operational, market or political are often unforeseen challenges. We are always taking steps to mitigate our risks and have employed successful strategies in the past. The changing nature of the world and our industry will require us to come up with new and innovative approaches to both new and age old problems.

There is clearly no shortage of challenges as we move into an exciting time in the oil and gas industry. We feel the greatest security we can offer our customers, employees and investors is to anticipate these challenges and set in motion a flexible and dynamic plan to address them.

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RIG FLEET

<TABLE>
<CAPTION>

LAND RIG FLEET - 329 RIGS	Less than 10,000	10,000 to 14,999	15,000 to 19,999	Greater than 20,000	Total
<S>	<C>	<C>	<C>	<C>	<C>
ALASKA					
North Slope		3	1	5	9
Kenai/Cook Inlet		1	2		3
INTERNATIONAL					
Middle East	4	7	4	4	19
South and Central America	1	8	2	7	18
CIS	1	3	1		5
Africa		1	1		2
Far East		1	2	1	4
US LOWER 48	34	69	93	45	241
CANADA	9	5	6	8	28
TOTAL	49	98	112	70	329

</TABLE>

<TABLE>
<CAPTION>

Offshore Rig Fleet - 34 Rigs	Sundowner Offshore Platforms: MASE Drilling	Sundowner Offshore Platforms: Sundowner Workover	Sundowner Offshore Platforms: Platform Drilling	Jackup	Barge	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ALASKA			1			1
INTERNATIONAL						
Middle East				1		1
South and Central America	1					1
CIS		1				1
Europe and Africa		2				2
Gulf of Mexico	2	11	5	5*	5**	28
TOTAL	3	14	6	6	5	34

</TABLE>

* Includes one charter.
** Includes three plug and abandonment barges.

<TABLE>
<CAPTION>

US Lower 48 Rig Fleet - 241 Rigs	Less than 10,000: Mech	Less than 10,000: SCR	10,000 to 14,999: Mech	10,000 to 14,999: SCR	15,000 to 19,999: Mech	15,000 to 19,999: SCR	20,000 and Greater: Mech	20,000 and Greater: SCR	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SOUTHERN DIVISION									
East Texas District			7*	1	7*	17*		5*	37
South Texas District			7	1	4	13	2	9	36
Arkoma District	6		7	1	8	1		7	30
GULF COAST DIVISION									
Gulf Coast District				1	3		4	7	15
Gulf of Mexico District					1			1	2
WESTERN DIVISION									
California District	1		1	1		3		4	10
Costa Rica District						2			2
Northeast District	6								6
North Dakota District			7		9	2			18
West Texas District	10		17		6	2	2	1	38
Rockies District	9	2	17	1	12	3		3	47
Total	32	2	63	6	50	43	8	37	241

</TABLE>

</TABLE>

* Number includes Noble rigs acquired as of December 31, 1996.

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[PHOTO]

AREAS OF OPERATION

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DIRECTORS

EUGENE M. ISENBERG
Chairman and Chief Executive Officer
Nabors Industries, Inc.

ANTHONY G. PETRELLO
President and Chief Operating Officer
Nabors Industries, Inc.

RICHARD A. STRATTON
Vice Chairman
Nabors Industries, Inc.

GARY T. HURFORD
President
Hunt Oil Company

HANS W. SCHMIDT
Formerly President
Deutag Drilling

MYRON M. SHEINFELD
Attorney
Sheinfeld, Maley & Kay

JACK WEXLER
International Business Consultant

MARTIN J. WHITMAN
Managing Director
Whitman Heffernan Rhein & Co., Inc.
Chairman
Danielson Holding Corporation

OFFICERS

EUGENE M. ISENBERG
Chairman and Chief Executive Officer

ANTHONY G. PETRELLO
President and Chief Operating Officer

RICHARD A. STRATTON
Vice Chairman

MICHAEL W. DUNDY
Vice President and General Counsel

DANIEL MCLACHLIN
Vice President and Corporate Secretary

BRUCE P. KOCH
Vice President of Finance

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[PHOTO]

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FINANCIAL REVIEW

(In thousands, except per share amounts)

<TABLE>
<CAPTION>

	Year Ended September 30,									
OPERATING DATA(1)	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	$719,743	$572,788	$484,268	$419,406	$312,407	$264,239	$153,920	$85,600	$63,060	$ 33,126
Operating expenses:										
Direct costs	539,665	434,097	369,677	313,458	215,939	187,873	111,405	64,285	50,682	29,831
General and administrative expenses	56,862	49,094	49,365	45,257	45,237	35,923	22,900	12,085	8,473	6,230
Depreciation and amortization	46,117	31,042	26,241	22,434	16,526	10,119	5,232	3,884	3,502	5,855
Provision for reduction in carrying value of assets	--	--	29,686(2)	--	--	--	--	--	--	64,000(3)
Operating income (loss)	77,099	58,555	9,299	38,257	34,705	30,324	14,383	5,346	403	(72,790)
Interest income (expense), net	(9,189)	(5,917)	(5,778)	(7,733)	(4,349)	551	1,153	48	(8,422)(4)	(18,747)(4)
Other income (expense), net	13,690	5,990	2,718	11,593	5,559	2,395	3,341	1,790	4,012	(562)
Income (loss) before income taxes (benefits)	81,600	58,628	6,239	42,117	35,915	33,270	18,877	7,184	(4,007)	(92,099)
Income taxes (benefits)	11,100	7,524	4,889	3,559	2,175	3,546	2,476	19	(780)	(7,146)
Income (loss) before extraordinary gain	70,500	51,104	1,350	38,558	33,740	29,724	16,401	7,165	(3,227)	(84,953)
Extraordinary gain	--	--	--	--	--	--	--	--	26,749(5)	--
Net income (loss)	$ 70,500	$ 51,104	$ 1,350	$ 38,558	$ 33,740	$ 29,724	$ 16,401	$ 7,165	$23,522	$(84,953)
Primary earnings (loss) per share:										
Income (loss) before extraordinary gain	$ .76	$ .58	$ .02	$ .50	$ .46	$ .42	$ .27	$ .14	$ (.12)	$ (5.90)
Extraordinary gain	--	--	--	--	--	--	--	--	.97(5)	--
Net income (loss)	$ .76	$ .58	$ .02	$ .50	$ .46	$ .42	$ .27	$ .14	$ .85	$ (5.90)
Weighted average number of shares outstanding	93,162	88,018	85,620	77,806	74,037	70,395	61,143	51,644	27,671	14,403

</TABLE>

<TABLE>
<CAPTION>

	As of September 30,									
BALANCE SHEET DATA(1)	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Cash and short-term marketable securities	$104,027	$ 15,334	$ 45,232	$ 70,458	$ 14,783	$ 15,139	$ 29,332	$ 6,484	$ 13,354	$ 6,509
Working capital	172,091	33,892	77,248	113,653	33,831	15,650	40,956	7,784	8,678	4,433
Property, plant and equipment, net	511,203	393,464	283,141	270,865	220,761	185,543	109,928	42,728	28,357	36,435
Long-term marketable securities	11,839	9,645	20,266	--	--	--	--	--	--	--
Total assets	871,274	593,272	490,273	493,927	339,930	285,615	226,846	75,519	61,123	54,086
Long-term obligations	229,504	51,478	61,879	73,109	49,294	37,489	37,729	7,760	4,254	65,864
Stockholders' equity (deficit)	457,822	368,750	317,424	307,583	201,058	157,302	117,335	47,215	36,101	(26,787)
Capital expenditures and acquisitions	174,483	144,560	62,907	84,752	61,124	88,104	73,943	19,751	7,414	3,248

</TABLE>

(1) The results of operations and financial position for all years prior to

1995 have been retroactively restated to include the results of operations and financial position of Sundowner Offshore Services, Inc., which was merged with the Company during October 1995. Other acquisitions' results of operations and financial position have been included beginning on the respective dates of acquisition, and include Exeter Drilling Company and its subsidiary, JW Gibson Well Services Company (April 1996), Delta Drilling Company (January 1995), Grace Drilling Company (June 1993), Henley Drilling Company (November 1990), Loffland Brothers Company (March 1990) and the Westburne Group of Companies (November 1988).

(2) Represents reduction in carrying value of the Company's Yemen logistical assets and inventory as well as facility closure costs in certain international areas, including Yemen, totaling $.35 per share.

(3) Represents reduction in carrying value of the Company's rig assets in Alaska, US Lower 48 and Canada totaling $4.44 per share.

(4) Includes interest expense and discount amortization totaling $7.8 million and $18.8 million during 1988 and 1987, respectively, relating to secured income notes.

(5) Represents gain recognized in connection with the Company's reorganization.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

FISCAL YEAR 1996 COMPARED TO FISCAL YEAR 1995

Company revenues for fiscal year 1996 ("1996") totaled $719.7 million, representing a $147.0 million, or 26% increase, compared to fiscal year 1995 ("1995"). Operating income during 1996 totaled $77.1 million, compared to $58.6 million during 1995. Net income totaled $70.5 million ($.75 per share) during 1996, compared to $51.1 million ($.57 per share) during the prior year. The significant improvement in operating results during 1996 is attributable to the Company's operations in Alaska, the US Lower 48, the Gulf of Mexico and South America.

The following tables set forth information with respect to the Company and its subsidiaries on a consolidated basis by geographical area:

<TABLE>
<CAPTION>

				Increase (Decrease)			
(In thousands, except percentages)	1996	1995	1994	1996 to 1995		1995 to 1994	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues:							
North America	$532,638	$416,475	$323,149	$116,163	28%	$ 93,326	29%
International:							
Middle East, CIS, Africa and other	64,682	58,932	76,156	5,750	10%	(17,224)	(23%)
South and Central America	69,232	49,453	32,991	19,779	40%	16,462	50%
UK North Sea	53,191	47,928	51,972	5,263	11%	(4,044)	(8%)
Total International	187,105	156,313	161,119	30,792	20%	(4,806)	(3%)
	$719,743	$572,788	$484,268	$146,955	26%	$ 88,520	18%
Operating income (loss):							
North America	$ 61,611	$ 47,989	$ 35,246	$ 13,622	28%	$ 12,743	36%
International:							
Middle East, CIS, Africa and other	6,742	8,346	(26,091)	(1,604)	(19%)	34,437	132%
South and Central America	14,531	8,031	5,781	6,500	81%	2,250	39%
UK North Sea	6,575	3,916	5,647	2,659	68%	(1,731)	(31%)
Total International	27,848	20,293	(14,663)	7,555	37%	34,956	238%
Corporate	(12,360)	(9,727)	(11,284)	(2,633)	(27%)	1,557	14%
	$ 77,099	$ 58,555	$ 9,299	$ 18,544	32%	$ 49,256	530%

</TABLE>

<TABLE>
<CAPTION>

	1996	1995	1994

	Rig Years	Rig Utilization	Rig Years	Rig Utilization	Rig Years	Rig Utilization
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Rig activity(1):						
North America	152.6	58%	131.4	54%	100.8	46%
International:						
Middle East, CIS, Africa and other	12.2	49%	12.5	44%	16.2	51%
South and Central America	16.3	73%	13.4	89%	8.6	98%
UK North Sea	N/A	N/A	N/A	N/A	.8	100%
Total International	28.5	61%	25.9	60%	25.6	62%
	181.1	58%	157.3	56%	126.4	49%

</TABLE>

(1) Excludes labor contracts and Gibson workover and well servicing rigs.

<TABLE>
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Average West Texas intermediate crude oil spot ($/bbl)(1)	$ 20.50	$ 18.30	$ 16.88
Average US natural gas spot ($/mcf)(1)	$ 2.11	$ 1.45	$ 1.90
Average US land rig count(2)	759	736	786
Average International land rig count(2)	553	542	531

</TABLE>

(1) Source: Bloomberg
(2) Source: Baker Hughes

North American revenues (including Canada) totaled $532.6 million during 1996, representing a 28% increase over 1995. The increase was primarily attributable to more equivalent rig years in the US Lower 48, where revenues increased by 30% due to the addition of the Exeter Drilling Company rigs acquired in April 1996 and the Delta Drilling Company rigs acquired in January 1995. Revenues for the Gulf of Mexico operations increased by 28% during the current year as compared to the prior year. This was the result of increased equivalent rig years and higher dayrates for the Company's platform drilling rigs, platform workover rigs and jackup workover rigs. Platform drilling rig equivalent rig years increased in part as a result of the purchase of rig 85. This rig was purchased during 1995, but did not commence operations until the first quarter of 1996. Additionally, the newly constructed MASE rig 802 and rig 269, an adapted land rig, began working in June 1996. Platform workover rig equivalent rig years increased due to the addition of the newly constructed Super Sundowner XVI rig, which commenced operations in September 1995, and Sundowner XII, which was redeployed from Australia to the Gulf of Mexico in May 1995. Alaskan operation revenues increased by 26% as a result of increased equivalent rig years and the October 1995 acquisition of Alaska Interstate Construction by Peak Oilfield Services, the Company's Alaskan construction and logistics joint venture. Equivalent rig years for North America during 1996 totaled 152.6 years, compared to 131.4 years during 1995.

International revenues totaled $187.1 million during 1996, representing a 20% increase compared to 1995. Equivalent international rig years, excluding labor contracts, increased to 28.5 years during 1996 compared to 25.9 years during 1995.

Middle Eastern, CIS and African revenues totaled $64.7 million during 1996, representing a 10% increase from 1995. The increase was primarily attributable to new contracts in Saudi Arabia for three rigs which commenced operations in the third quarter of 1996, partially offset by lower rig activity in Africa. Middle Eastern, CIS and African equivalent rig years during 1996 totaled 12.2 rig years as compared to 12.5 years during 1995.

South and Central American revenues totaled $69.2 million, representing a 40% increase over 1995. The increase was primarily attributable to the newly constructed MASE rig 801, which began operations in Trinidad during January 1996, and a one rig drilling contract in Colombia, which commenced during November 1995. Additionally, increased revenues resulted from increased activity and higher day rates in Venezuela, where equivalent rig years during 1996 totaled 13.9 years as compared to 11.5 during 1995. Venezuela represented approximately 74% and 85% of total South and Central American revenues and equivalent rig years, respectively, during 1996. South and Central American rig years totaled 16.3 years during 1996, compared to 13.4 years during 1995.

UK North Sea revenues totaled $53.2 million during 1996, representing an increase of 11% compared to 1995. The increase in UK North Sea revenues resulted from additional labor contracts during 1996. Total equivalent rig years, consisting of labor contracts, totaled 10.0 during 1996 as compared to 8.4 years during 1995. Subsequent to year-end, during November 1996, the Company completed the sale of its UK North Sea operation. The transaction will result in a gain which will be reflected in the Company's financial statements in the first quarter of 1997.

The following table sets forth selected consolidated financial information of the Company expressed as a percentage of total operating revenues:

<TABLE>
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Revenues	100.0%	100.0%	100.0%
Operating expenses:			
Direct costs	75.0%	75.8%	76.4%
General and administrative expenses	7.9%	8.6%	10.2%
Depreciation and amortization	6.4%	5.4%	5.4%
Provision for reduction in carrying value of assets	--	--	6.1%
Operating expenses	89.3%	89.8%	98.1%
Operating income	10.7%	10.2%	1.9%
Other income (expense)	.6%	.0%	(.6%)
Income before income taxes	11.3%	10.2%	1.3%
Income taxes	1.5%	1.3%	1.0%
Net income	9.8%	8.9%	.3%

</TABLE>

Direct costs as a percentage of revenues totaled 75% during 1996 as compared to 76% during 1995. The increase in operating margins during 1996 is largely due to improved margins for the Company's South American operations, including Venezuela and Colombia, and the contribution of the newly constructed MASE rig 801. Improved margins for the Company's Gulf of Mexico operations also contributed. These improvements in operating margins were partially offset, however, by a decline in the margins earned for the Company's Middle Eastern operations, resulting primarily from higher than expected costs related to the deployment of three rigs to Saudi Arabia during the third quarter of 1996.

Steps are being taken by the Company to restore the expected level of profitability of these rigs and to recover some of the unexpected costs incurred to date. Additionally, a decrease in operating margins resulted because an increased percentage of the Company's total revenues during 1996 were generated by the Company's US Lower 48 operations. These contracts are usually at a lower gross margin percentage than the Gulf of Mexico, Alaskan and International contracts.

General and administrative expenses as a percentage of revenues decreased during 1996 due to an expanding revenue base in the US Lower 48 and Gulf of Mexico.

Depreciation and amortization expense as a percentage of revenues totaled 6% during 1996 as compared to 5% during 1995. The increase in depreciation and amortization is the result of capital expenditures for new rig construction, enhancements and acquisitions made during 1995 and 1996. The Company's capital expenditures are classified as follows:

<TABLE>
<CAPTION>

(In thousands)	1996	1995	1994
<S>	<C>	<C>	<C>
New construction	$ 39,191	$ 21,577	$ 9,480
Enhancement	45,334	40,695	13,256
Acquisition	53,208	57,463	25,234
Sustaining	36,750	24,825	14,937
	$174,483	$144,560	$ 62,907

</TABLE>

Interest expense increased during 1996, primarily as a result of the interest associated with the $172.5 million, 5% Subordinated Notes issued on May 28, 1996 (the "5% Notes"), as well as short-term, high interest borrowings in Venezuela for foreign currency hedging purposes. Interest income increased during 1996 due to higher average cash and cash equivalent balances that resulted from remaining proceeds from the 5% Notes.

Other income during 1996 included $4.9 million in realized and unrealized gains from equity security transactions and $.5 million in dividend income. Also included were insurance gains on damaged equipment totaling $4.7 million. Foreign currency gains totaled $.5 million during 1996, relating primarily to Venezuela. In December 1995, the Venezuelan bolivar devalued by approximately 71%, from an official fixed exchange rate of 170 bolivars per US dollar, to 290 per US dollar. As a result of the devaluation, the Company recognized a translation gain of $.3 million during 1996, because the Company had a bolivar denominated net monetary liability position. In April 1996, the Venezuelan government, as part of moving toward a free market economy, eliminated exchange rate control policies that had been established in June 1994. As a result, the bolivar was allowed to float, and devalued by an additional 55% -- 70% as the exchange rate ranged from 450 -- 500 bolivars to the US dollar. The Company recognized an insignificant translation gain during the third quarter of 1996 as a result of this devaluation. During 1996, the Company reduced its net monetary position by borrowing in the local currency. The Company increased its foreign currency exposure in Saudi Arabia during 1996 as a result of increased activity there resulting from a number of new drilling contracts. The Company, through the use of forward exchange contracts, has offset a portion of its foreign exchange exposure in Saudi Arabia. The Company will continue to monitor its foreign currency exposures.

Other income during 1995 included $2.6 million in realized and unrealized gains from equity security transactions and $.3 million in dividend income. Insurance gains on damaged equipment totaled $4.7 million, including a $4.1 million gain recorded for a rig damaged in Venezuela. Foreign currency loss totaled $3.2 million during 1995. The 1995 losses include $2.5 million in the UK North Sea relating to foreign currency losses that were deferred and recognized as part of the specific transactions hedged.

The current and deferred income tax provisions for 1996 and 1995 relate primarily to foreign operations, including Canada, as substantially all of the US taxable income is offset by available net operating loss carryforwards ("US NOL"). As a result of the Company's available US NOL, the Company does not expect to pay any regular US federal income taxes until the Company's US NOL has been fully utilized, or expires. A valuation allowance is provided to reduce deferred tax assets, which includes net operating loss carryforwards, to a level which, more likely than not, will be realized. Primary factors considered by management to determine the size of the allowance include the competitive and cyclical nature of the Company's primary markets, and the expiration timing of the net operating loss carryforwards (Note 8). For accounting purposes, the Company expects to begin, during the first quarter of 1997, recording non-cash US federal deferred income taxes based on the relationship between the amount of the Company's unused US NOL and the temporary differences between the book basis and tax basis in the Company's assets. The temporary differences primarily arise from having accelerated depreciation for tax return purposes as compared to a lower depreciation amount recorded for financial statement purposes. As a result, the Company's effective tax rate for financial statement purposes during 1997 and thereafter should be in the 35% to 38% range. Non-cash deferred taxes should represent the majority of this amount until that point in time when the US NOL has been fully utilized or expires.

FISCAL YEAR 1995 COMPARED TO FISCAL YEAR 1994

During 1995, Nabors and Sundowner Offshore Services, Inc. ("Sundowner") completed a tax-free merger. Under the merger agreement, Sundowner stockholders received 2.8 shares of the Company's common stock for each of their shares of Sundowner, or approximately 13.1 million common shares. The exchange resulted in former Sundowner stockholders owning approximately 15% of the common stock of Nabors outstanding after the merger.

The merger has been accounted for as a pooling-of-interests. Accordingly, the accompanying consolidated financial statements have been retroactively restated to include the results of operations, financial position and cash flows of Sundowner for all periods prior to the consummation of the merger.

Company revenues for 1995 totaled $572.8 million, representing an $88.5 million, or 18% increase, compared to 1994. Operating income during 1995 totaled $58.6 million, compared to $9.3 million during 1994. Net income totaled $51.1 million ($.57 per share) during 1995, compared to $1.4 million ($.02 per share) during the prior year. The operating income and net income amounts during 1994 include a $29.7 million charge ($.35 per share), representing a provision for reduction in carrying value of assets. The significant

improvement in operating results during 1995 is primarily attributable to the Company's operations in the US Lower 48, the Gulf of Mexico and Venezuela.

North American revenues (including Canada) totaled $416.5 million during 1995, representing a 29% increase over 1994. The increase was primarily attributable to more equivalent rig years in the US Lower 48, where revenues increased by 38% due to the addition of the Delta Drilling Company rigs acquired in January 1995, and the Mitchell Energy Development Corp. rigs acquired in April 1994. The Company's increasing market share, resulting from incremental activity under various customer alliance relationships as well as a broadening customer base, further contributed to this increase. Revenues for the Gulf of Mexico operations increased by 16% during the current year due to higher dayrates for the Company's platform drilling rigs, the addition of one inland barge drilling rig, and an increase in equivalent rig years for the Company's platform workover rigs, including the newly constructed Super Sundowner XIV and XV rigs, which commenced operations during July 1994 and February 1995, respectively. This increase in activity in the US Lower 48 and the Gulf of Mexico occurred despite lower natural gas prices in the US during 1995, and an overall decline in the Baker Hughes US land rig count. Alaskan and Canadian revenues also increased during 1995, by 18% and 39%, respectively, due to more equivalent rig years. Equivalent rig years for North America during 1995 totaled 131.4 years, compared to 100.8 years during 1994.

International revenues totaled $156.3 million during 1995, representing a 3% decrease compared to 1994. Equivalent international rig years, excluding labor contracts, totaled 25.9 years during 1995 compared to 25.6 years during 1994.

Middle Eastern, CIS and African revenues totaled $58.9 mil-lion during 1995, representing a 23% decrease from 1994. The decrease was primarily attributable to decreased logistical and drilling activity in Yemen due to reduced exploration and development activity. The Company operated 12.5 rig years during 1995 in the Middle East, CIS and Africa, down from 16.2 years in 1994. Yemen had operating losses during 1994 due to reduced drilling and logistical activity, as well as the provision for reduction in carrying value of assets.

Revenues in the Company's South and Central American operations totaled $49.5 million, a 50% increase over 1994. The increase was attributable to increased activity in Venezuela. Venezuela represented approximately 89% and 85% of total South and Central American revenues and equivalent rig years, respectively, during 1995. South and Central American rig years totaled 13.4 years during 1995, compared to 8.6 years in 1994.

UK North Sea revenues totaled $47.9 million during 1995, representing a decrease of 8% compared to 1994. Total equivalent rig years consisting of labor contracts totaled 8.4 and 7.0 years during 1995 and 1994, respectively. The decrease in revenues resulted from reduced incentive contracts, partially offset by an increase in equivalent rig years resulting from the award of three new labor contracts -- two during March 1995 and one during July 1995.

Direct costs as a percentage of revenues totaled 76% during 1995 and 1994. General and administrative expenses as a percentage of revenues decreased during 1995 due to the effect of prior year cost-reduction measures for the Company's international operations, primarily in the Middle East, and as a result of the increase in revenues for the US Lower 48 operations, since these expenses were spread over a larger revenue base. Depreciation and amortization as a percentage of revenues totaled 5% during 1995 and 1994. The Company recorded a $29.7 million provision for reduction in carrying value of assets during the third quarter of 1994.

Interest expense decreased during 1995, primarily due to the $6.0 million of scheduled principal payments made on the $30.0 million 10.25% Senior Secured Notes. Interest income decreased during 1995 due to lower average cash and investment balances as these amounts were used to fund capital expenditures and the acquisition of Delta.

Other income during 1995 included $2.6 million in realized and unrealized gains from equity security transactions and $.3 million in dividend income. Insurance gains on damaged equipment totaled $4.7 million, including a $4.1 million gain recorded for a rig damaged in Venezuela.

Other income during 1994 included a $.9 million gain from the sale of an investment in equity securities and $.6 million in dividend income. Foreign currency losses totaled $3.2 million during 1995, compared to $1.5 million during 1994. The 1995 losses primarily consisted of $2.5 million in the UK North Sea relating to foreign currency losses that had previously been deferred and recognized as part of the specific transactions being hedged. During 1994, the Venezuela bolivar devalued by approximately 75%, as compared to the US dollar. During June 1994, the Venezuelan government imposed exchange rate control policies and an official fixed exchange rate of 170 bolivars to the US

dollar. As a result of the devaluation, the Company recorded translation losses totaling $1.0 million during 1994. Subsequent to the June 1994 establishment of the official fixed exchange rate, the Company reduced its bolivar net monetary asset exposure. However, if the Venezuelan government allows the bolivar to "float" relative to the US dollar or revises the official fixed exchange rate, the Company could incur additional translation losses. The Company also recorded amortization of deferred currency losses in the UK North Sea during 1994.

The income tax provisions for 1995 and 1994 relate to foreign operations, including Canada. Substantially all of the US taxable income is offset by available net operating loss carryforwards. A valuation allowance is provided to reduce the deferred tax assets, which includes net operating loss carryforwards, to a level which, more likely than not, will be realized. Primary factors considered by management to determine the size of the allowance include the competitive and cyclical nature of the Company's primary markets and the expiration timing of the net operating loss carryforwards.

LIQUIDITY AND CAPITAL RESOURCES

In April 1996, the Company filed a shelf registration statement on Form S-3 with the Securities and Exchange Commission to allow for offerings from time to time of up to $250 million in debt securities, preferred stock, common stock, depository shares or warrants. On May 28, 1996 the Company issued $172.5 million of 5% Convertible Notes with a scheduled maturity in 2006. The 5% Notes are convertible into common shares of the Company at a conversion price of $18.125 per share (Note 7). Approximately $60.0 million of the proceeds from the 5% Notes were used to pay down long-term and short-term debt, with the remainder of the proceeds to be used for general corporate purposes, including working capital. The Company had working capital of $172.1 million as of September 30, 1996, representing a $138.2 million increase over the prior year. The ratio of long-term debt to long-term debt plus shareholder's equity, commonly referred to as debt to capital ratio, was 0.35:1 and 0.20:1 as of September 30, 1996 and 1995, respectively. The increase in the Company's working capital and debt to capital ratio during 1996 are primarily attributable to the issuance of the 5% Notes.

Cash and cash equivalents increased by $83.8 million during 1996, compared to a decrease of $10.5 million during 1995.

Net cash provided by operating activities totaled $84.1 mil-lion during 1996, compared to $73.8 million during 1995. During 1996 and 1995, net income as adjusted for non-cash items, such as depreciation, was partially offset by the negative impact on cash that resulted from changes in the Company's working capital accounts.

Net cash used for investing activities totaled $160.4 million during 1996, compared to $87.4 million during 1995. Capital expenditures, cash paid for the acquisition of Exeter, and purchases of marketable securities represented the primary uses of cash during 1996. This was partially offset by sales and maturities of marketable securities, as well as proceeds from sales of fixed assets and insurance claims. During 1995, capital expenditures and cash paid for the acquisition of Delta represented the primary uses of cash. This was partially offset by maturities and sales of marketable securities.

Financing activities provided cash totaling $160.1 million during 1996, compared to $3.1 million during the previous year. Cash provided during 1996 resulted from long-term borrowings, primarily the $172.5 million Convertible Subordinated Notes, and common stock transactions, partially offset by a reduction in short-term borrowings and princi-pal payments on long-term obligations. In the prior year, cash provided by short-term and long-term borrowings was partially offset by scheduled principal payments on long-term obligations.

The Company's cash and cash equivalents and short-term investments in marketable securities totaled $104.0 million as of September 30, 1996. In addition, the Company had long-term investments in marketable securities of $11.8 million. The Company currently has credit facility arrangements with a number of banks totaling $66.1 million. These credit facilities are limited at any given time to receivables of certain of the Company's subsidiaries. As of September 30, 1996, remaining availability, after borrowings on the facilities and outstanding letters of credit, totaled approximately $44.2 million.

As of September 30, 1996, the Company had capital expen-diture commitments totaling approximately $17.5 million.

During November 1996, the Company completed the sale of its wholly owned UK North Sea subsidiary. The Company received approximately $36.0 million plus the value of working capital in cash, as well as 10.8 million four year warrants to purchase stock in Abbot Group plc at 83 pence per share (Note 15).

During December 1996, the Company purchased 47 land drilling rigs from Noble Drilling Corporation for $60.0 million in cash (Note 15).

During December 1996, the Company's Board of Directors rescinded the Company's stock repurchase plan due to uncertainties regarding the Securities and Exchange Commission's Staff Accounting Bulletin No. 96. Rescinding the plan allows the Company to avoid potential issues when it uses the pooling-of-interests method of accounting for mergers. The Company has not repurchased any shares under the stock repurchase plan since its original authorization during December 1995.

During December 1996, the Company executed a definitive agreement to merge with Adcor-Nicklos Drilling Company ("Adcor") in a stock-for-stock exchange. All of the stock of Adcor will be exchanged for approximately 3.4 million shares of Nabors common stock. The transaction, which has already received government approval, is expected to close in January 1997 (Note 15).

The current cash and cash equivalents, short-term investments, credit facility position, projected cash flow generated from current operations and cash provided by the sale of the Company's UK subsidiary is expected to adequately finance the Company's non-discretionary capital and debt service requirements for the next twelve months as well as the purchase of the rigs from Noble Drilling Corporation.

OTHER MATTERS

The Company's financial condition and results of operations depend on the level of spending by oil and gas companies for exploration, development and production activities. There-fore, a sustained increase or decrease in the price of oil or natural gas, which could have a material impact on exploration, development and production activities, could materially affect the Company's financial condition and results of operations.

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121 ("SFAS 121"), Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. SFAS 121 is effective for fiscal years beginning after December 15, 1995. The Company will adopt SFAS 121 at the beginning of fiscal year 1997. It is anticipated that the impact of adopting this statement will not have a material effect on the financial statements.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 ("SFAS 123"), Accounting for Stock-Based Compensation. SFAS 123 is effective for fiscal years beginning after December 15, 1995. The Company will adopt the pro forma disclosure provisions of SFAS 123 in fiscal year 1997.

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS
OF NABORS INDUSTRIES, INC.

We have audited the accompanying consolidated balance sheets of Nabors Industries, Inc. and Subsidiaries as of September 30, 1996 and 1995, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended September 30, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nabors Industries, Inc. and Subsidiaries as of September 30, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 1996, in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Houston, Texas
November 25, 1996, except as to certain information presented
in Notes 9 and 15, for which date is December 20, 1996

CONSOLIDATED BALANCE SHEETS NABORS INDUSTRIES, INC. AND SUBSIDIARIES
(In thousands, except per share amounts)

<TABLE>
<CAPTION>

ASSETS	September 30, 1996	1995
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 95,867	$ 12,038
Marketable securities	8,160	3,296
Accounts receivable, net	172,720	132,482
Inventory and supplies	18,528	14,079
Prepaid expenses and other current assets	33,259	21,550
TOTAL CURRENT ASSETS	328,534	183,445
Property, plant and equipment, net	511,203	393,464
Marketable securities	11,839	9,645
Other long-term assets	19,698	6,718
TOTAL ASSETS	$871,274	$593,272
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term obligations	$ 7,738	$ 11,158
Short-term borrowings	10,235	30,684
Trade accounts payable	64,955	53,891
Accrued liabilities	64,063	48,944
Income taxes payable	9,452	4,876
TOTAL CURRENT LIABILITIES	156,443	149,553
Long-term obligations	229,504	51,478
Other long-term liabilities	9,139	7,643
Deferred income taxes	18,366	15,848
TOTAL LIABILITIES	413,452	224,522
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value $.10 per share:		
Authorized 10,000 shares; none issued or outstanding	--	--
Capital stock, par value $.10 per share:		
Authorized common shares 200,000 in 1996 and 1995; issued 87,470 in 1996 and 85,017 in 1995	8,747	8,502
Authorized Class B shares 8,000; none issued or outstanding	--	--
Capital in excess of par value	250,995	229,267
Cumulative translation adjustment	(2,692)	(2,670)
Net unrealized gain on marketable securities	3,728	354
Retained earnings since May 1, 1988	200,208	138,091
Less treasury stock, at cost, 489 and 755 common shares in 1996 and 1995	(3,164)	(4,794)
TOTAL STOCKHOLDERS' EQUITY	457,822	368,750
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$871,274	$593,272

</TABLE>

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

CONSOLIDATED STATEMENTS OF INCOME NABORS INDUSTRIES, INC. AND SUBSIDIARIES

(In thousands, except per share amounts)

<TABLE>
<CAPTION>

Year Ended September 30,

	1996	1995	1994
<S>	<C>	<C>	<C>
Revenues	$719,743	$572,788	$484,268
Operating expenses:			
Direct costs	539,665	434,097	369,677
General and administrative expenses	56,862	49,094	49,365
Depreciation and amortization	46,117	31,042	26,241
Provision for reduction in carrying value of assets	--	--	29,686
Operating expenses	642,644	514,233	474,969
Operating income	77,099	58,555	9,299
Other income (expense):			
Interest expense	(11,884)	(7,611)	(8,237)
Interest income	2,695	1,694	2,459
Gain on sales of long-term assets	2,462	1,404	2,010
Other income, net	11,228	4,586	708
Other income (expense)	4,501	73	(3,060)
Income before income taxes	81,600	58,628	6,239
Income taxes:			
Current	8,488	4,913	4,139
Deferred	2,612	2,611	750
Total income taxes	11,100	7,524	4,889
Net income	$ 70,500	$ 51,104	$ 1,350
Earnings per share:			
Primary	$ .76	$ .58	$ .02
Fully diluted	$ .75	$ .57	$ .02
Weighted average number of shares outstanding:			
Primary	93,162	88,018	85,620
Fully diluted	93,917	90,237	85,743

</TABLE>

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

NABORS INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousands)

<TABLE>
<CAPTION>

	Common Stock		Capital in Excess of Par Value	Cumulative Translation Adjustment	Net Unrealized Gain on Marketable Securities	Retained Earnings	Treasury Stock	Total Stockholders' Equity
	Shares	Par Value						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCES, SEPTEMBER 30, 1993	83,376	$ 8,338	$211,985	$ (3,660)	$ --	$ 94,211	$ (3,283)	$307,591
Adjustment to conform Sundowner to Nabors' fiscal year-end						(396)		(396)
Net income						1,350		1,350
Translation adjustment				912				912
Net unrealized gain on marketable securities					1,345			1,345
Issuance of common shares and treasury stock for stock options exercised and employee benefit plans	168	16	1,021				188	1,225
Issuance of common shares for stock awards	110	11	627					638
Issuance of common shares in connection with acquisition of mutual fund assets	729	73	4,686					4,759
BALANCES, SEPTEMBER 30, 1994	84,383	8,438	218,319	(2,748)	1,345	95,165	(3,095)	317,424
Net income						51,104		51,104
Translation adjustment				78				78
Reclassification of pre-quasi-reorganization tax benefit			8,178			(8,178)		--
Net unrealized loss on marketable securities					(991)			(991)
Issuance of common shares for stock								

options exercised	505	51	2,012					2,063
Issuance of common shares for stock awards	129	13	758					771
Repurchase of common shares							(1,699)	(1,699)
BALANCES, SEPTEMBER 30, 1995	85,017	8,502	229,267	(2,670)	354	138,091	(4,794)	368,750
Net income						70,500		70,500
Translation adjustment				(22)				(22)
Reclassification of pre-quasi-reorganization tax benefit			8,383			(8,383)		--
Net unrealized gain on marketable securities					3,374			3,374
Issuance of common shares for stock options exercised	2,422	242	11,769					12,011
Issuance of common shares for stock awards	31	3	214					217
Issuance of treasury stock in connection with acquisition of assets			2,370				1,630	4,000
Repurchase of Company warrants			(1,008)					(1,008)
BALANCES, SEPTEMBER 30, 1996	87,470	$ 8,747	$250,995	$ (2,692)	$ 3,728	$200,208	$ (3,164)	$457,822

</TABLE>

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

NABORS INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

<TABLE>
<CAPTION>

	Year Ended September 30, 1996	1995	1994
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 70,500	$ 51,104	$ 1,350
Adjustments to net income:			
Depreciation and amortization	46,117	31,042	26,241
Provision for reduction in carrying value of assets	--	--	29,686
Deferred taxes	2,612	2,611	750
Gain on sales of long-term assets	(2,462)	(1,404)	(2,010)
Gain on insurance claims	(4,693)	(4,649)	(484)
Gain on marketable securities	(4,871)	(2,406)	(908)
Foreign currency transaction and translation (gains) losses	(510)	3,160	1,502
Non-cash compensation element of stock awards and options	152	476	1,051
Equity in earnings of affiliate	(139)	--	--
Other	201	(207)	(137)
(Decrease) increase, net of effects from acquisitions, from changes in:			
Accounts receivable	(21,089)	(13,715)	160
Inventory and supplies	(4,149)	962	(811)
Prepaid expenses and other current assets	(7,968)	(2,723)	1,274
Other long-term assets	(7,699)	(792)	1,721
Accounts payable and accrued liabilities	12,005	12,895	(8,486)
Income taxes payable	4,576	2,497	(295)
Other long-term liabilities	1,541	(5,085)	(395)
NET CASH PROVIDED BY OPERATING ACTIVITIES	84,124	73,766	50,209
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of marketable securities, held-to-maturity	--	(5,121)	(39,762)
Maturities of marketable securities, held-to-maturity	2,000	21,254	10,000
Sales of marketable securities, held-to-maturity	--	12,416	--
Purchases of marketable securities, available-for-sale	--	(2,273)	(12,617)
Sales of marketable securities, available-for-sale	1,698	5,189	2,597
Purchases of marketable securities, trading	(11,280)	--	--
Sales of marketable securities, trading	8,766	--	--
Payments received on investment in sales-type leases and notes receivable	--	--	1,541
Cash paid for acquisitions, net	(28,317)	(19,572)	--
Capital expenditures	(146,440)	(109,321)	(62,907)
Proceeds from sales of assets and insurance claims	15,726	10,039	5,315
Investment in affiliates	(2,548)	--	--
NET CASH USED FOR INVESTING ACTIVITIES	(160,395)	(87,389)	(95,833)
Cash flows from financing activities:			
Decrease (increase) in restricted cash	861	(795)	(44)
Long-term borrowings	183,295	4,538	6,537
Reduction of long-term obligations	(14,633)	(20,317)	(26,762)
(Decrease) increase in short-term borrowings	(20,449)	19,522	453

Common stock and treasury stock transactions	11,026	150	24,951
NET CASH PROVIDED BY FINANCING ACTIVITIES	160,100	3,098	5,135
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	83,829	(10,525)	(40,489)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,038	22,563	63,052
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 95,867	$ 12,038	$ 22,563

</TABLE>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Nabors Industries, Inc. (collectively with its subsidiaries, "Nabors" or the "Company") is the largest land drilling contractor in the world. The Company, which was incorporated in Delaware in 1978, has principally been engaged, through its subsidiaries, in oil, gas and geothermal land drilling operations in Alaska, the US Lower 48 states and Canada, and internationally in the Middle East, the Far East, the CIS, North and West Africa and South and Central America. The Company also provides offshore drilling, well servicing and workover services in the Gulf of Mexico, Alaska's Cook Inlet and several international markets. The Company's CANRIG subsidiary manufactures top drives for a broad range of drilling rig applications. The Company also provides oilfield management, engineering, transportation, construction, maintenance, well logging and other support services in selected domestic and international markets.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the Company include the accounts of the Company and all subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation. The Company has an investment representing a 33 1/3% ownership interest in a company which is accounted for using the equity method.

The Company's investments in several joint ventures are accounted for under the proportionate consolidation method. The Company's proportionate share of the joint ventures' net assets and net income was as follows:

<TABLE>
<CAPTION>

	September 30,		
(In thousands)	1996	1995	1994
<S>	<C>	<C>	<C>
Net assets	$27,895	$22,755	$17,580
Net income	6,464	4,868	4,386

</TABLE>

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include commercial paper and various other short-term investments with an original maturity of three months or less at the time of purchase.

MARKETABLE SECURITIES

The Company's marketable securities consist of debt securities, including United States Government securities, and equity securities. Marketable debt securities that are classified as held-to-maturity are stated at amortized cost, which approximates market, and marketable securities that are classified as available-for-sale or trading are stated at fair value. Unrealized holding gains and losses for available-for-sale securities are excluded from earnings and, until realized, are reported as a net amount in a separate component of stockholders' equity. Unrealized gains and losses on securities classified as trading are reported in earnings currently.

In computing realized gains and losses on the sale of equity securities, the cost of the equity securities sold is determined using the specific cost of the security when originally purchased.

INVENTORY AND SUPPLIES

Inventory and supplies are composed of replacement parts and supplies held

for use in the operations of the Company, and top drives that are manufactured by a Company subsidiary for resale. Inventory and supplies are valued at the lower of weighted average cost or market.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. The Company provides for depreciation of drilling rigs on the unit-of-production method over a 3,800-day period after provision for salvage value. To provide for any deterioration that may occur while the rigs are not operating for an extended period of time, a minimum depreciation charge is provided for using the straight-line method over an assumed depreciable life of 20 years. Depreciation on buildings, oilfield hauling and mobile equipment and other machinery and equipment is computed using the straight-line method over the estimated useful lives of the assets after provision for salvage value (buildings -- 10 to 30 years; oilfield haul-ing and mobile equipment and other machinery and equipment -- 3 to 10 years). Maintenance and repairs are charged to expense when incurred; renewals and betterments are capitalized. Amortization of capitalized leases is included in depreciation and amortization expense. Interest applicable to the construction of drilling and other equipment is capitalized. Provisions for permanent asset impairment are charged to income when it is considered probable that the carrying values of equipment may not be recovered over their remaining service lives, based on estimates of future net cash flows on an undiscounted basis. Upon retirement or other disposal of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts, and any gains or losses are included in results of operations.

In March 1995, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 121 ("SFAS 121"), Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. SFAS 121, which is effective for fiscal years beginning

after December 15, 1995, requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company will adopt SFAS 121 at the beginning of 1997. It is anticipated that the impact of adopting this statement will not have a material effect on the financial statements.

INCOME TAXES

The Company utilizes the asset and liability method in accounting for income taxes that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns.

United States deferred income taxes have not been provided on unremitted earnings of subsidiaries located outside the United States, as such earnings are considered permanently reinvested.

REVENUE RECOGNITION

Revenues and costs on daywork contracts are recognized daily (percentage-of-completion method); revenues and costs applicable to footage and turnkey contracts are recognized on completion of the well (completed contract method) and revenues and related costs for the manufacturing operation are recognized when products are shipped or services are rendered to the customer.

FOREIGN CURRENCY TRANSLATION

For certain foreign subsidiaries, such as those in the United Kingdom, Canada and Saudi Arabia, the local currency is the functional currency. Assets and liabilities are translated at year-end exchange rates, and income and expenses are translated at the average exchange rates prevailing during the year. Translation gains or losses are accumulated in a separate section of stockholders' equity and transaction gains and losses are included in net income. For subsidiaries operating in highly inflationary countries, such as Venezuela, and for certain other subsidiaries, the US dollar is the functional currency and translation gains and losses are included in determining net income.

The Company utilizes forward exchange contracts and local currency borrowings to hedge its exposure to exchange rate fluctuations in connection with monetary assets and liabilities held in foreign currencies. The carrying amounts of the forward exchange contracts equal their fair value and are adjusted at each balance sheet date for changes in exchange rates. Realized and unrealized gains and losses on the forward contracts are deferred and recognized as foreign currency gains or losses over the life of the contract. The Company does not hold or issue foreign exchange contracts or other derivative financial instruments for speculative purposes. To hedge its foreign currency exposure in Saudi Arabia, the Company holds forward exchange contracts

maturing at various dates through June 30, 1999 with a face value of approximately $39.7 million at September 30, 1996. Unrealized losses associated with these forward contracts amount to $.3 million at September 30, 1996.

Foreign currency transaction and translation gains (losses) for 1996, 1995 and 1994 totaled $.5 million, ($3.2) million and ($1.5) million, respectively, and are included in the caption "Other income, net" in the accompanying consolidated statements of income. In December 1995, the Venezuelan bolivar devalued by approximately 71%, from an official fixed exchange rate of 170 bolivars to 290 bolivars to the US dollar. As a result of the devaluation, the Company recognized a translation gain of $.3 million during 1996, as the Company had a bolivar denominated net monetary liability position. In April 1996, the Venezuelan government, as part of moving toward a free market economy, eliminated exchange rate control policies that had been established in June 1994. As a result, the bolivar was allowed to float, and devalued by an additional 55% to 70% as the exchange rate ranged from 450 to 500 bolivars to the US dollar. The Company recognized an insignificant translation gain during the third quarter of 1996 as a result of the devaluation. During 1996, the Company reduced its net monetary position by borrowing in the local currency. The Company increased its exposure to foreign currency devaluation in Saudi Arabia during 1996 as a result of increased activity there resulting from a number of new drilling contracts. The Company, through the use of forward exchange contracts has offset a portion of the foreign exchange exposure in Saudi Arabia. The Company will continue to monitor its foreign currency exposures.

The 1995 losses include $2.5 million in the UK North Sea relating to foreign currency losses that were deferred and recognized as part of the specific transactions hedged. During 1994, the Venezuelan bolivar devalued by approximately 75%, as compared to the US dollar. During June 1994, the Venezuelan government imposed exchange rate control policies and an official fixed rate of 170 bolivars to the US dollar. As a result of the devaluation, the Company recorded translation losses totaling $1.0 million during 1994. The Company also recorded amortization of deferred currency losses in the UK North Sea during 1994.

EARNINGS PER SHARE

The Company's earnings per share are based upon the weighted average number of common shares ("Shares") outstanding during the year, excluding Shares held in treasury. Shares reserved for issuance against stock options outstanding under the Company's stock option plans and stock warrants issued are considered common stock equivalents if dilutive.

CASH FLOW INFORMATION

Cash paid for income taxes and interest during 1996, 1995 and 1994 was as follows:

<TABLE>
<CAPTION>

(In thousands)	1996	1995	1994
<S>	<C>	<C>	<C>
Income taxes	$3,160	$5,045	$2,765
Interest, net of capitalized interest	9,309	7,064	7,818

</TABLE>

A summary of the Company's non-cash activities during 1996, 1995 and 1994 is as follows:

<TABLE>
<CAPTION>

(In thousands)	1996	1995	1994
<S>	<C>	<C>	<C>
Acquisition of businesses:			
Fair value of assets acquired less negative goodwill	$ 50,400	$ 39,385	$ --
Goodwill	3,825	--	--
Consideration paid:			
Cash	(29,051)	(20,000)	--
Treasury shares issued	(4,000)	--	--
Liabilities assumed or created	21,174	19,385	--
Common stock issued to a mutual fund in exchange for the Company's shares	--	--	83,135

</TABLE>

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of investments in commercial paper with maturities of less than three months, and other temporary cash investments that the Company has with a variety of companies and financial institutions with strong credit ratings. The Company believes that, due to the foregoing, the credit risk in such instruments is minimal. In addition, the Company's trade receivables are with a variety of international and national oil companies. Management considers this credit risk to be limited due to these companies' financial resources.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

o CASH AND CASH EQUIVALENTS The carrying amount approximates fair value due to the relatively short period to maturity of these instruments.

o MARKETABLE SECURITIES The carrying amount of marketable securities are adjusted to fair value based on quoted market prices.

o SHORT-TERM BORROWINGS The carrying amount approximates fair value due to the relatively short period to maturity of these instruments.

o FORWARD EXCHANGE CONTRACTS The carrying amount of forward exchange contracts are adjusted to fair value based on quoted exchange rates.

o LONG-TERM DEBT The fair value of the Company's long-term debt is estimated based on quoted market prices, where applicable, or based on the present value of expected cash flows relating to existing borrowings discounted at rates currently available to the Company for long-term borrowings with similar terms and maturities. The fair value of the Company's long-term debt as of September 30, 1996 and 1995 amounted to $243.2 million and $66.8 million, respectively.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATION

Certain prior year amounts were reclassified to conform to the presentation in the current year.

2 ACQUISITIONS

During April 1996, the Company acquired Exeter Drilling Company ("Exeter") and its subsidiary, JW Gibson Well Service Company ("Gibson") from Occidental Oil and Gas Corporation. The consideration paid consisted of $18.0 million in cash, $4.0 million of Nabors common stock (266,223 shares) and $10.6 million paid in cash for Exeter's and Gibson's working capital. Exeter's land drilling rig fleet consisted of 47 actively marketed rigs in the United States, and two located internationally. Gibson operated 78 workover and well servicing land rigs located in the United States. The acquisition was accounted for under the purchase method of accounting; accordingly, the total purchase price was allocated to net assets based on estimated fair values. The results of Exeter's and Gibson's operations have been included in the consolidated financial statements of the Company commencing on the effective date of the acquisition.

During January 1995, the Company acquired Delta Drilling Company ("Delta"), a company engaged in the business of contract land drilling in the United States. The purchase price of Delta was approximately $20.0 million in cash plus liabilities assumed. Delta owned 30 rigs as well as yard and office facilities. The acquisition was accounted for under the purchase method of accounting. The results of Delta's operations have been included in the consolidated financial statements commencing on the effective date of the acquisition.

During October 1994, the Company consummated its merger with Sundowner, a company that provides contract well servicing and workover services in the Gulf of Mexico and various international offshore markets and utilizes

self-contained, modular platform rigs and jackup workover rigs. Under the merger agreement, Sundowner stockholders received 2.8 shares of the Company's common stock for each of their shares of Sundowner. As a result, the Company issued 13,081,600 common shares to Sundowner stockholders.

The merger was accounted for as a pooling-of-interests. Accordingly, the accompanying consolidated financial statements were retroactively restated to include the results of operations, financial position and cash flows of Sundowner for all periods prior to consummation of the merger. In addition to combining the companies' historical operations, the accompanying consolidated financial statements include adjustments to Sundowner's deferred income tax expense to reflect the combined companies' use of the Company's operating loss carryforwards for US federal income tax purposes. Such adjustments resulted in a reduction in US federal deferred income tax expense in the combined companies' statement of operations. Earnings per common share for each period are based on the combined weighted average number of common shares outstanding after adjusting Sundowner's historical amounts for the conversion into 2.8 shares of the Company's common stock.

Operating results for the separate companies for the period prior to the merger are as follows:

<TABLE>
<CAPTION>

	September 30, 1994	
(In thousands)	Revenues	Net Income
<S>	<C>	<C>
Nabors	$422,551	$ 650
Sundowner	61,717	148
Deferred income tax adjustment		552
	$484,268	$ 1,350

</TABLE>

3 MARKETABLE SECURITIES

Marketable securities classified as current and long-term assets are as follows:

<TABLE>
<CAPTION>

	September 30,	
(In thousands)	1996	1995
<S>	<C>	<C>
Current assets:		
Debt securities, classified as held-to-maturity, at amortized cost, which approximates fair value:		
US Government securities	$ --	$ 2,002
Equity securities, classified as trading, at fair value	8,160	1,294
	8,160	3,296
Long-term assets:		
Equity securities, classified as available-for-sale, at fair value	$ 11,839	$ 9,645

</TABLE>

The fair value of equity securities that were classified as available-for-sale exceeded the cost by approximately $3.7 million and $.4 million as of September 30, 1996 and 1995, respectively. During 1996, the Company received $1.7 million of proceeds and realized gains of $.5 million, and received $8.8 million of proceeds and realized gains of $1.9 million resulting from the sale of certain investments in equity securities that had been classified as available-for-sale and trading, respectively. During 1996, the Company recorded unrealized holding gains totaling $2.5 million on equity securities classified as trading.

During 1995, the Company sold debt securities with an amortized cost of $12.6 million and recorded a loss of $.2 million. The debt securities previously had been classified as held-to-maturity and were sold to fund the acquisition of Delta. During 1995, the Company recorded a gain totaling $2.4 million and received $6.3 million of proceeds in a combination of shares, warrants and cash in settlement of the tender offer for the Company's investment in certain equity securities and from other sales of equity securities classified as available-for-sale. During 1995, the Company recorded unrealized holding gains totaling $.2 million on equity securities classified as trading.

During 1994, the Company received $2.6 million of proceeds and realized a

gain of $.9 million resulting from the sale of certain investments in equity securities that had been classified as available-for-sale.

4 Property, Plant and Equipment

The major components of property, plant and equipment are as follows:

<TABLE>
<CAPTION>

(In thousands)	September 30, 1996	1995
<S>	<C>	<C>
Land	$ 3,986	$ 3,828
Buildings	14,891	13,735
Contract drilling and related equipment	680,050	525,423
Oilfield hauling and mobile equipment	43,077	42,834
Other machinery and equipment	20,070	19,994
	762,074	605,814
Less: accumulated depreciation and amortization(1)	(250,871)	(212,350)
	$511,203	$393,464

</TABLE>

(1) Includes, as of September 30, 1996 and 1995, reserves of $54.8 million and $56.3 million, respectively, resulting from the permanent impairment of certain asset values.

Repair and maintenance expense included in direct costs in the statements of income amounted to $81.4 million, $63.2 million and $49.2 million for the years ended September 30, 1996, 1995 and 1994, respectively.

Interest expense of $1.0 million, $.7 million and $.4 million was capitalized during 1996, 1995 and 1994, respectively.

5 PROVISION FOR REDUCTION IN CARRYING VALUE OF ASSETS

During the third quarter of 1994, the Company recorded a provision for reduction in carrying value of assets totaling $29.7 million. The assets primarily affected were the Company's Yemen logistical assets and inventory. The provision also included estimates of facility closure costs and other costs in certain international areas, including Yemen. The determining factor resulting in the provision for reduction in carrying value of assets was the general reduction of activity in Yemen, further exacerbated by the civil war there.

6 SHORT-TERM BORROWINGS AND LETTERS OF CREDIT

The Company has available lines of credit with a number of banks that permit borrowing at interest rates generally not to exceed, at the option of the Company, each bank's prime rate or LIBOR plus .75%. The weighted average interest rate on short-term borrowings outstanding as of September 30, 1996 and 1995, excluding short-term borrowings in the local currency for hedging purposes in Venezuela, equaled 5.65% and 6.76%, respectively. The weighted average interest rate inclusive of the Venezuela borrowings outstanding as of September 30, 1996, equaled 13.35%.

Availability and borrowings under these lines of credit are as follows:

<TABLE>
<CAPTION>

(In thousands)	September 30, 1996	1995
<S>	<C>	<C>
Lines of credit available	$ 66,120	$ 53,391
Short-term borrowings outstanding	10,235	28,440
Letters of credit outstanding	11,657	9,853

</TABLE>

7 LONG-TERM OBLIGATIONS

Long-term obligations consist of the following:

<TABLE>
<CAPTION>

(In thousands)	September 30, 1996	1995
<S>	<C>	<C>
5.00% Convertible Subordinated Notes payable in their entirety May 2006	$172,500	$ --
9.18% Senior Secured Notes payable in semiannual installments of $4,000 commencing January 2002	40,000	40,000
10.25% Senior Secured Notes payable in semiannual installments of $3,000 commencing July 1992, net	5,936	8,782
$12,995 loans payable in varying amounts in August 1998, November 1998, January 1999 and April 1999	12,995	2,200
$5,000 loan payable in monthly installments of $76 commencing December 1995	4,242	--
$8,284 loan payable in quarterly installments of $295 commencing July 1990	--	2,071
$5,100 loan payable in quarterly installments of $182 commencing July 1991	--	2,003
$4,851 loan payable in quarterly installments of $173 commencing July 1993	--	3,118
Medium-term notes payable, maturing from 1995 to 2001, from 6.0% to 8.75%(1)	1,567	4,068
Capital leases(1)	2	394
	237,242	62,636
Less: current portion	(7,738)	(11,158)
	$229,500	$ 51,478

</TABLE>

(1) Certain of these obligations are collateralized by specific assets financed with the related proceeds. The aggregate net book value of such assets approximated $8.7 million and $12.5 million as of September 30, 1996 and 1995, respectively.

On May 28, 1996, the Company issued $172.5 million of 5% Convertible Subordinated Notes with a scheduled maturity on May 15, 2006 (the "5% Notes"). Interest on the 5% Notes is payable semi-annually on May 15 and November 15 of each year commencing November 15, 1996. The 5% Notes are convertible into common shares of the Company at any time, at a conversion price of $18.125 per share, subject to an adjustment in certain events. The 5% Notes are redeemable at the option of the Company, in whole or in part, at any time on or after May 15, 1999, initially at 103.5% and at decreasing prices thereafter to 100% at maturity, in each case together with accrued and unpaid interest. The 5% Notes also may be repaid at the option of the holder at 101%, together with accrued and unpaid interest, any time prior to May 15, 2006 if there is a change in control, as defined in the subordinated indenture. The proceeds from the 5% Notes were used to repay several term loans and reduce outstanding borrowings on the Company's credit facilities. The remaining proceeds will be used for general corporate purposes, including working capital.

The Company issued 9.18% Senior Secured Notes due July 31, 2006 in the principal amount of $40.0 million (the "9.18% Senior Secured Notes") to the John Hancock Mutual Life Insurance Company ("John Hancock"), pursuant to an Amended and Restated Note Purchase Agreement dated October 1, 1992.

The Company substantially financed the 1990 acquisition of Loffland Brothers Company through certain of its subsidiaries issuing $30.0 million of 10.25% Senior Secured Notes due January 31, 1997 (the "10.25% Senior Secured Notes") to John Hancock. The Company also issued warrants to the same financial institution to purchase 1,500,000 shares of the Company's common stock at $5.50 per share, exercisable until January 31, 1997 (the "Warrants"). A value of $1.1 million was assigned to the Warrants.

The 9.18% Senior Secured Notes and the 10.25% Senior Secured Notes (collectively "Senior Secured Notes") impose certain restrictions on the Company, including restrictions on the payments of dividends and certain business combinations. The Company may pay dividends to the extent the Company's cumulative dividends, plus certain other payments since March 31, 1989, do not exceed 50% of the Company's cumulative net income since March 31, 1989, plus the proceeds of any offering of equity securities of the Company that are not redeemable at the option of the holder of the securities. As of

September 30, 1996, retained earnings available for dividend totaled approximately $178 million. Also, proceeds from the sale of certain assets must be used to prepay the Senior Secured Notes to the extent that an amount equal to such proceeds is not invested by the Company during a two-year period. The Senior Secured Notes also require that certain financial tests be met on a consolidated Company basis, the most restrictive of which requires working capital to be in excess of $5.0 million. The Senior Secured Notes are guaranteed by the Company and one of its subsidiaries and are collateralized by the pledge of all the shares and assets of the Company's subsidiaries operating in the UK North Sea, and of all the shares of one of the Company's subsidiaries operating in the Gulf of Mexico. The aggregate book value of such net assets approximated $27.9 and $29.7 million as of September 30, 1996 and 1995, respectively. Interest on the Senior Secured Notes is payable semi-annually on July 31 and January 31 of each year.

During 1995, a subsidiary of the Company entered into a revolving loan agreement with a financial institution whereby it can borrow up to $20.0 million for the construction of certain drilling equipment that is exported from Canada by one of the Company's subsidiaries. The loan proceeds can be drawn quarterly based on the amount of qualifying drilling equipment exported from Canada during the immediately preceding three-month period and are due for repayment three years after the date the individual advances are made. The Company received its first advance totaling $2.2 million during August 1995, and subsequent advances of $2.9 million, $3.7 million and $4.2 million in November 1995, January 1996 and April 1996, respectively. The loans bear interest at 90-day LIBOR plus .50% (6.19% at September 30, 1996). The loans are collateralized by several drilling rigs located in the US with an aggregate net book value of approximately $29.2 million and $27.4 million as of September 30, 1996 and 1995, respectively. The loans are guaranteed by the Company and require the Company, on a consolidated basis, to maintain various financial ratios, the most restrictive of which requires working capital to be in excess of $5.0 million.

As of September 30, 1996, the maturities of long-term obligations for the five years after 1996 are as follows:

<TABLE>
<CAPTION>

(In thousands)	
<S>	<C>
1997	$ 7,738
1998	3,531
1999	12,205
2000	1,226
2001	106
Thereafter	212,436
	$237,242

</TABLE>

8 INCOME TAXES

The Company's income tax, reconciled to the United States federal income tax using the federal statutory rate, and an analysis of the income tax provision is as follows:

<TABLE>
<CAPTION>

	Year Ended September 30,		
(In thousands)	1996	1995	1994
<S>	<C>	<C>	<C>
Total pretax income(1)	$ 81,600	$ 58,628	$ 6,239
Expected federal income tax using the 35% statutory rate	28,560	20,520	2,184
Recognition of net loss carryforwards and valuation allowance	(20,801)	(18,949)	--
Alternative Minimum Tax	543	574	76
State income taxes	469	672	115
Foreign taxes and other	2,329	4,707	2,514
Total income tax	$ 11,100	$ 7,524	$ 4,889
Analysis of the income tax provision:			
Current:			
US federal	$ 543	$ 574	$ 76
State and local	15	72	115

Foreign	7,930	4,267	3,948
	8,488	4,913	4,139
Deferred:			
State and local	454	600	--
Foreign	2,158	2,011	750
	2,612	2,611	750
Total income tax	$ 11,100	$ 7,524	$ 4,889

(1) Includes foreign income before taxes of $17.2 million, $7.5 million and $6.7 million, respectively, in the years ended September 30, 1996, 1995 and 1994.

The components of the Company's net deferred tax assets and liabilities are as follows:

(In thousands)	September 30, 1996	1995
Deferred tax assets:		
Net operating loss carryforwards	$ 59,653	$ 66,327
Accrued liabilities not deducted for tax purposes	17,770	10,960
General tax credits	3,207	5,455
Deferred tax asset	80,630	82,742
Valuation allowance	(25,869)	(35,563)
Net deferred tax asset	54,761	47,179
Deferred tax liabilities:		
Excess tax over book depreciation	(73,127)	(63,027)
Net deferred tax liability	$(18,366)	$(15,848)

In conjunction with the acquisition of Delta (Note 2), deferred tax liabilities of $10.3 million were recorded during 1995.

For US federal income tax purposes, the Company has net operating loss carryforwards of approximately $169.1 million that, if not utilized, will expire from 1999 to 2009. The net operating loss carryforwards for Alternative Minimum Tax purposes are approximately $126.1 million. There are Alternative Minimum Tax credit carryforwards of $1.9 million available to offset future regular tax liabilities. In addition, the Company has approximately $1.3 million of investment-tax-credit carryforwards expiring at various dates from 1997 to 2001.

Under federal tax law, the amount and availability of loss carryforwards (and certain other tax attributes) are subject to a variety of interpretations and restrictive tests applicable to the Company and its subsidiaries. The utilization of such carryforwards could be limited or effectively lost upon certain changes in ownership. Accordingly, although the Company believes substantial loss carryforwards are available to it, no assurance can be given concerning such loss carryforwards, or whether or not such loss carryforwards will be available in the future.

A valuation allowance is provided to reduce the deferred tax assets to a level which, more likely than not, will be realized. Primary factors considered by management to determine the size of the allowance include the competitive and cyclical nature of the Company's primary markets and the expiration timing of the net operating loss carryforwards.

The Company's accumulated deficit of $56.9 million as of May 1, 1988 was eliminated by a transfer to paid-in capital through an accounting reorganization of its stockholders' equity accounts (quasi-reorganization). The quasi-reorganization did not involve any revaluation of assets or liabilities because their fair values were, respectively, not less than or greater than their book values.

The Company adopted its quasi-reorganization in the context of its reliance, at that time, on Statement of Financial Accounting Standards No. 96, "Accounting For Income Taxes" ("SFAS 96"), which provided for recognition in the statement of income, the tax benefits of operating loss and tax-credit carryforward items that arose prior to a quasi-reorganization such as that implemented by the Company.

Subsequent to the issuance of SFAS 96 in September 1989, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 86 (SAB 86). This bulletin set forth the SEC staff's view that the tax benefits of operating loss and tax-credit carryforward items that arose prior to a quasi-reorganization must be reported as a direct credit to paid-in capital following a quasi-reorganization involving only an elimination of a deficit in retained earnings.

Since the Company implemented its quasi-reorganization based on SFAS 96 and prior to the issuance of SAB 86, it will continue to report carryforward tax benefits directly in the statement of income, and then will reclassify the amount of such benefit from retained earnings to paid-in capital. The SEC has informed the Company that, under the circumstances, it will not object to the Company's accounting for these tax benefits. If the provisions of SAB 86 had been applied, net income for the years ended September 30, 1996 and 1995 would have been reduced by $8.3 million ($.09 per share) and $8.2 million ($.09 per share), respectively. Net income for the year ended September 30, 1994 would not have been reduced.

Statement of Financial Accounting Standards No. 109 "Accounting For Income Taxes", which supersedes SFAS 96 and was adopted by the Company at the beginning of 1994, includes a "grand-fathering" provision that permits the Company to continue its present method of accounting for the utilization of its operating loss and tax-credit carryforward items that arose before the Company's 1988 quasi-reorganization.

9 CAPITAL STOCK AND STOCK OPTIONS

CAPITAL STOCK

During June 1996, 1,100,000 warrants previously issued in connection with the acquisition of the drilling assets of Grace Drilling Company expired.

During April 1996, the Company issued 266,223 common shares that were previously held in treasury to Occidental Oil and Gas Corporation in connection with the Exeter acquisition (Note 2).

During October 1995, the Company purchased for $1.0 million, 650,000 warrants that the Company had previously issued in connection with the purchase of several drilling rigs in April 1994.

During December 1994, the Company purchased 250,000 shares of its common stock in the open market at a cost of $1.7 million or $6.80 per share.

During October 1994, the Company completed its merger with Sundowner whereby the Company acquired all of the outstanding shares of Sundowner in exchange for 13,081,600 newly issued registered shares of the Company's common stock (Note 2).

During April 1994, the Company completed a transaction whereby it acquired all of the assets of Equity Strategies Fund, Inc., an open-ended mutual fund ("ESI"), in exchange for 13,276,349 newly issued registered shares of the Company's common stock. The ESI assets acquired comprised 12,548,733 shares of the Company's common shares and $4.8 million in cash. The price at which the Company's shares were exchanged was $6.625 per share, which was based upon an average closing price of the Company's stock. The shares of common stock issued to ESI then were distributed pro rata to the shareholders of ESI. The net effect of the transaction was that the Company's common shares outstanding increased by 727,616 shares and the Company received $4.8 million in cash.

The Company is authorized to issue up to 10,000,000 shares of preferred stock with a par value of $.10 per share in one or more series, and to fix the powers, designations, preferences and rights to each series.

During December 1996, the Company's Board of Directors rescinded the Company's stock repurchase plan due to uncertainties regarding the Securities and Exchange Commission's Staff Accounting Bulletin No. 96. Rescinding the plan allows the Company to avoid potential issues when it uses the pooling-of-interests method of accounting for mergers. The Company has not repurchased any shares under the stock repurchase plan since its original authorization during December 1995.

As of September 30, 1996 there were warrants outstanding to purchase 1,500,000 common shares at $5.50 per share, exercisable until January 31, 1997. As of September 30, 1995 there were warrants outstanding to purchase 1,500,000 common shares at $5.50 per share, exercisable until January 31, 1997; 1,100,000 common shares at $16.18 per share, exercisable until June 1996; and 650,000 common shares at $7.92 per share, exercisable until April 1996.

STOCK OPTION PLANS

As of September 30, 1996, the Company has several stock option plans under which options to purchase common shares may be granted to key officers, directors and managerial employees of the Company and its subsidiaries. Options granted under the plans generally are at prices equal to the fair market value of the stock on the date of the grant. Options granted under the plans generally are exercisable in varying cumulative periodic installments after one year and cannot be exercised more than ten years from the date of grant. Options to purchase 599,395 and 1,326,714 common shares remained available for grant as of September 30, 1996 and 1995, respectively.

A summary of stock option transactions during the three years ended September 30, 1996 is as follows:

<TABLE>
<CAPTION>

(Share amounts in thousands)	Number of Shares	Price Range per Share
<S>	<C>	<C>
Options outstanding		
September 30, 1993	7,587	$.75 to $ 16.25
Granted	1,437	5.00 to 7.50
Exercised	(168)	1.07 to 6.875
Forfeited	(137)	4.04 to 6.875
Options outstanding		
September 30, 1994	8,719	$.75 to $ 16.25
Granted	4,453	6.25 to 8.25
Exercised	(505)	1.07 to 6.875
Forfeited	(47)	4.77 to 6.875
Options outstanding		
September 30, 1995	12,620	$.75 to $ 16.25
Granted	2,339	7.188 to 14.50
Exercised	(2,422)	.75 to 10.00
Forfeited	(126)	6.25 to 14.50
Options outstanding		
September 30, 1996	12,411	$.75 to $ 16.25

</TABLE>

Of the options outstanding, 10,873,345, 9,567,270 and 5,278,870 were exercisable as of September 30, 1996, 1995 and 1994, respectively.

The Company has two stock grant plans under which grants of common shares may be awarded to key officers, directors and managerial employees of the Company and its subsidiaries. Shares granted under the plans generally vest in varying cumulative periodic installments.

A summary of stock grant transactions during the three years ended September 30, 1996 is as follows:

<TABLE>
<CAPTION>

(Share amounts in thousands)	Number of Shares
<S>	<C>
Grants Outstanding	
September 30, 1993	242
Granted	--
Vested	(110)
Forfeited	--
Grants Outstanding	
September 30, 1994	132
Granted	77
Vested	(129)
Forfeited	--
Grants Outstanding	
September 30, 1995	80
Granted	--
Vested	(31)
Forfeited	(11)
Grants Outstanding	
September 30, 1996	38

</TABLE>

In October 1995, the FASB issued Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation". SFAS 123, which is effective for fiscal years beginning after December 15, 1995, establishes financial accounting and reporting standards for stock-based employee compensation plans. The pronouncement defines a fair value based method of accounting for an employee stock option or similar equity instrument, and allows an entity to either adopt that method of accounting for all of their employee stock compensation plans, or to continue to measure compensation cost for those plans using the intrinsic value based method of accounting prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees". Entities electing to continue using the accounting methods prescribed by APB Opinion No. 25 must make pro forma disclosures of net income and earnings per share as if the fair value based method of accounting defined in SFAS 123 had been applied. The Company will adopt the pro forma disclosure provisions of SFAS 123 at the beginning of fiscal year 1997.

10 EMPLOYEE BENEFIT PLANS

Certain of the Company's employees are covered by defined contribution plans. The Company's contributions to the plans are based on employee contributions and totaled $3.6 million, $2.9 million and $2.6 million for the years ended September 30, 1996, 1995 and 1994, respectively.

In November 1992, the FASB issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Post-employment Benefits" ("SFAS 112"). The adoption of SFAS 112 by the Company during 1995 did not have a material effect upon the financial statements because the Company does not provide such benefits to its employees.

11 COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

The Company and its subsidiaries occupy various facilities and lease certain equipment under leases, that range in length from 1 to 30 years. The minimum rental commitments under non-cancelable operating leases, with lease terms in excess of one year subsequent to September 30, 1996, are as follows:

<TABLE>
<CAPTION>

(In thousands)	
<S>	<C>
1997	$2,325
1998	2,145
1999	1,934
2000	1,368
2001	263
Thereafter	1,169
	$9,204

</TABLE>

The above amounts do not include property taxes, insurance or normal maintenance that the lessees are required to pay. Rental expense relating to operating leases with terms greater than 30 days amounted to $2.5 million, $2.2 million and $2.1 million for the years ended September 30, 1996, 1995 and 1994, respectively.

EMPLOYMENT CONTRACTS

The Company has entered into employment contracts with certain of its employees. The Company's minimum salary and bonus obligations under these contracts are as follows:

<TABLE>
<CAPTION>

(In thousands)	
<S>	<C>
1997	$2,801
1998	1,674
1999	1,480
2000	130
2001	125
	$6,210

</TABLE>

CAPITAL EXPENDITURES

As of September 30, 1996 and 1995, the Company had capital expenditure commitments totaling approximately $17.5 million and $15.5 million, respectively.

CONTINGENCIES

The Company is a defendant or otherwise involved in a number of lawsuits. In the opinion of management, the Company's ultimate liability with respect to these lawsuits is not expected to have a significant or material adverse effect on the Company's consolidated financial position or results of operations.

The Company insures its drilling rigs and equipment subject to various deductibles, but not exceeding $.25 million per occurrence. The Company retains the first $1.0 million per occurrence of its workers' compensation exposures in the US Lower 48 and Alaska. These operations also are subject to a $.25 million per occurrence deductible for auto liability. All international workers' compensation and automobile liability is subject to a retrospectively rated insurance policy. The Company self-insures the first $1.0 million per occurrence and $2.0 million in the aggregate of general liability claims.

12 SUPPLEMENTAL BALANCE SHEET AND STATEMENT OF INCOME INFORMATION

Accounts receivable is net of an allowance for doubtful accounts of $1.5 million and $1.4 million as of September 30, 1996 and 1995, respectively. Pursuant to an employment agreement with an officer, the Company has provided a non-interest bearing loan for approximately $2.9 million.

Accrued liabilities includes accrued compensation totaling $23.1 million and $19.6 million as of September 30, 1996 and 1995, respectively.

Other income, net includes the following:

<TABLE>
<CAPTION>

(In thousands)	September 30, 1996	1995	1994
<S>	<C>	<C>	<C>
Insurance gains	$ 4,693	$ 4,649	$ 484
Marketable securities realized and unrealized gains	4,871	2,406	908
Dividend income	486	297	550
Foreign currency gains (losses)	510	(3,160)	(1,502)
Other	668	394	268
	$ 11,228	$ 4,586	$ 708

</TABLE>

13 UNAUDITED QUARTERLY FINANCIAL INFORMATION

<TABLE>
<CAPTION>

	Year Ended September 30, 1996			
(In thousands, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<S>	<C>	<C>	<C>	<C>
Revenues	$164,338	$163,319	$181,336	$210,750
Gross profit (excluding depreciation and general and administrative expenses)	39,879	43,299	46,766	50,134
Operating income	17,332	18,189	20,550	21,028
Net income	15,262	16,822	18,669	19,747
Primary earnings per share	$ .17	$ .18	$ .20	$ .21

</TABLE>

<TABLE>
<CAPTION>

	Year Ended September 30, 1995			
(In thousands, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<S>	<C>	<C>	<C>	<C>
Revenues	$126,002	$143,335	$152,673	$150,778
Gross profit (excluding depreciation and general and administrative expenses)	32,257	34,510	36,790	35,134

Operating income	13,655	14,163	15,132	15,605
Net income	11,073	12,284	13,045	14,702
Primary earnings per share	$ .13	$ .14	$ .15	$ .16

</TABLE>

14 DISTRIBUTION OF EARNINGS AND ASSETS

The following table sets forth financial information with respect to the Company and its subsidiaries, on a consolidated basis, by geographical area:

<TABLE>
<CAPTION>

Geographic Areas (In thousands)	Year Ended September 30, 1996	1995	1994
<S>	<C>	<C>	<C>
Revenues(1)(2)			
North America	$532,638	$416,475	$323,149
International:			
Middle East, CIS, Africa and other	64,682	58,932	76,156
South and Central America	69,232	49,453	32,991
UK North Sea	53,191	47,928	51,972
Total International	187,105	156,313	161,119
	$719,743	$572,788	$484,268
Operating income (loss)			
North America	$ 61,611	$ 47,989	$ 35,246
International:			
Middle East, CIS, Africa and other	6,742	8,346	(26,091)
South and Central America	14,531	8,031	5,781
UK North Sea	6,575	3,916	5,647
Total International	27,848	20,293	(14,663)
Corporate	(12,360)	(9,727)	(11,284)
	$ 77,099	$ 58,555	$ 9,299
Assets			
North America	$496,664	$354,733	$251,848
International:			
Middle East, CIS, Africa and other	139,454	117,887	108,170
South and Central America	87,898	84,845	52,843
UK North Sea	15,878	15,221	21,398
Total International	243,230	217,953	182,411
Corporate	131,380	20,586	56,014
	$871,274	$593,272	$490,273

</TABLE>

(1) No material revenues were derived from transactions between geographic areas of operation.

(2) No customers provided 10% or more of consolidated revenues in the years presented. In the opinion of management, the loss of a single customer would not have a material adverse effect on the Company's business.

15 SUBSEQUENT EVENTS

During November 1996, the Company completed the sale of its wholly owned subsidiary Nabors Drilling & Energy Services UK Ltd. ("NDES") to KCA, a wholly owned subsidiary of Abbot Group plc, a diversified holding company listed on the London stock exchange. The Company received approximately $36.0 million

plus the value of working capital in cash, as well as 10.8 million four year warrants to acquire stock in the Abbot Group plc at 83 pence per share. The transaction will result in a gain which will be reflected in the Company's financial statements in the first quarter of 1997.

During December 1996, the Company purchased 47 land drilling rigs from Noble Drilling Corporation for $60 million in cash. The fleet of rigs consists of 19 operating rigs and 28 stacked rigs in various stages of completeness; 38 of the rigs are located in the United States and nine are located in Canada. The acquisition will be accounted for under the purchase method of accounting.

During December 1996, the Company executed a definitive agreement to merge with Adcor-Nicklos Drilling Company ("Adcor") in a stock-for-stock exchange that will be accounted for as a pooling-of-interests. All of the stock of Adcor will be exchanged for approximately 3.4 million shares of Nabors common stock. The transaction, which has already received government approval, is expected to close in January 1997. The Adcor fleet consists of 30 active and six stacked rigs located in the United States. The assets also include significant amounts of drill pipe, spare drilling equipment, yards, vehicles and other support equipment.

CORPORATE ADDRESS
Nabors Industries, Inc.
515 West Greens Road
Suite 1200
Houston, Texas 77067
Telephone: (281) 874-0035
Fax: (281) 872-5205

FORM 10-K
Copies may be obtained at no charge by writing to the Secretary at the corporate office of the Company.

TRANSFER AGENT
First Chicago Trust Company of New York
P.O. Box 2500
Jersey City, New Jersey 07303

INVESTOR CONTACT
Dennis A. Smith
Director of Corporate Development

INDEPENDENT ACCOUNTANTS
Coopers & Lybrand L.L.P.
Houston, Texas

PRICE OF COMMON STOCK

As of September 30, 1996, there were 86,981,388 shares of Common Stock outstanding held by 1,628 holders of record.

The Common Stock is listed on the American Stock Exchange under the symbol "NBR." The following table sets forth the reported high and low sales prices of the Common Stock on the Composite Tape for the quarters indicated.

<TABLE>
<CAPTION>

	Stock Price	
Fiscal Year	High	Low
<S>	<C>	<C>
1995		
First Quarter	7 7/8	6 1/8
Second Quarter	7 1/2	6
Third Quarter	9 11/16	7 3/8
Fourth Quarter	10	7 15/16
1996		
First Quarter	11 3/8	8 1/16
Second Quarter	15 1/4	10 1/4
Third Quarter	16 5/8	13 7/8
Fourth Quarter	17 3/8	13

</TABLE>

OPERATING SUBSIDIARIES
Nabors Alaska Drilling, Inc.
Anchorage, Alaska
James Denney, President

Nabors Drilling International Limited
Houston, Texas
Siegfried Meissner, President

Nabors Drilling USA, Inc.
Houston, Texas
Richard Stratton, President
Larry P. Heidt, Executive Vice President

Nabors Drilling Limited
Nisku, Alberta
Duane A. Mather, President

Peak Oilfield Services Company
Anchorage Alaska
Michael R. O' Conner, President

Loffland Brothers de Venezuela, C.A.
Caracas, Venezuela
Siegfried Meissner, President

Sundowner Offshore Services, Inc.
Houston, Texas
Jerry C. Shanklin, President and Chairman

CANRIG Drilling Technology, Ltd.
Magnolio, Texas
Allan Richardson, President

EPOCH Well Logging, Inc.
Bakersfield, California
Christopher P. Papouras, President

[PHOTO]

EXHIBIT 21

NABORS INDUSTRIES, INC.
List of Subsidiaries and Certain Other Affiliates

<TABLE>

Subsidiary or Affiliate	Jurisdiction of Incorporation
<S>	<C>
Activo Rental, Inc.	Delaware
Andean Rental, Inc.	Delaware
AIC LLC. (50%)	Alaska
ARRH, Inc.	Delaware
Beaufort Marine J.V. (50%)	Alaska
Canrig Drilling Technology Ltd.	Alberta
Canrig Drilling Technology Ltd.	Delaware
Crest Service Company	Delaware
Delta Acquisition Corp.	Texas
Delta Drilling Company	Texas
Exeter Drilling Company	Nevada
Exeter International, Inc.	Delaware
J.W. Gibson Well Service Company	Delaware
Hemisphere Oil Services, Inc.	Delaware
Intrafield Oil Services Limited	Barbados
Kodiak Oilfield Haulers, Inc.	Alaska
Loffland Brothers Company of Canada	Delaware
Loffland Brothers de Venezuela, C.A.	Venezuela
Loffland Brothers North Sea, Inc.	Nevada
Maple Leaf Financial Services, Inc.	Delaware
Nabors Acquisition Corp. III	Delaware
Nabors Alaska Drilling, Inc.	Alaska
Nabors Alaska Services Corp.	Delaware
Nabors Canada Limited	Delaware
Nabors Capital, Ltd.	Delaware
Nabors Corporate Services, Inc.	Delaware
Nabors Drilling & Energy Services UK Limited	United Kingdom
Nabors Drilling International Limited	Delaware
Nabors Drilling International Limited	Bermuda
Nabors Drilling Limited	Canada
Nabors Drilling USA, Inc.	Delaware
Nabors Equipment, Inc.	Delaware
Nabors Eurasia, Inc.	Delaware
Nabors Europe Limited	United Kingdom
Nabors Gull Corp.	Delaware
Nabors Incorporated Ecuador	Ecuador
Nabors International, Inc.	Delaware
Nabors Kazakhstan Company	Kazakhstan
Nabors Offshore Drilling, Inc.	Delaware
Nabors Oilfield Equipment, Inc.	Delaware
Nabors Russia, Inc.	Delaware

Nabors Shipping Company	Delaware
Nabors Yemen, Ltd.	Delaware

</TABLE>

<TABLE>

Subsidiary or Affiliate	Jurisdiction of Incorporation
<S>	<C>
Nabors Yemen Transportation Services, Ltd.	Delaware
Nadrico Saudi Limited (45%)	Saudi Arabia
Peak Oilfield Services Company (50%)	Alaska
Peak-Ploss Industries (49 1/2%)	Texas
Peak USA Energy Services, Ltd. (Ltd. Partnership)	Texas
Petroleum Resources I, Inc.	Delaware
Red Deer Financial Services LLC	Delaware
SOL Insurance Limited	Bermuda
Solefin, Inc.	Nevada
Sovereign Oilfield, Inc.	Delaware
Sovereign Supply Company	Delaware
Sundowner Offshore International (Bermuda) Limited	Bermuda
Sundowner Offshore Australia (50%)	Australia
Sundowner Offshore Services, Inc.	Nevada
Sundowner Trinidad, Inc.	Delaware
Sunset P&A Services	Nevada
Thistle Filtration Services Ltd.	United Kingdom
Thistle Well Services Limited	United Kingdom
Thistle Wireline Services Ltd.	United Kingdom
West Range Leasing, Inc.	Delaware

</TABLE>

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporated by reference in the Registration Statements of Nabors Industries, Inc. on Form S-8 (Registration Numbers 333-11313 and 33-87322) and on Form S-3 (Registration Number 333-2427) of our report dated November 25, 1996, except as to certain information presented in Notes 9 and 15, for which the date is December 20, 1996, on our audits of the consolidated financial statements of Nabors Industries, Inc. and Subsidiaries as of September 30, 1996 and 1995, and for each of the three years in the period ended September 30, 1996, which reports are included in this Annual Report on form 10-K.

COOPERS & LYBRAND L.L.P.

Houston, Texas
December 30, 1996

<TABLE> <S> <C>

<ARTICLE> 5

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