

the landscape of our

operations

Nabors has built a position of preeminence in oil and gas drilling and workover throughout most of the world's more important oil and gas regions. As a collective whole, Nabors possesses significant competitive strengths through the sharing of certain attributes among its various subsidiaries. Nabors' strong financial position, available asset base, global infrastructure and extensive know-how resident in its capable staff provide it with the ability to respond to nearly any customer requirement in any area of the globe.









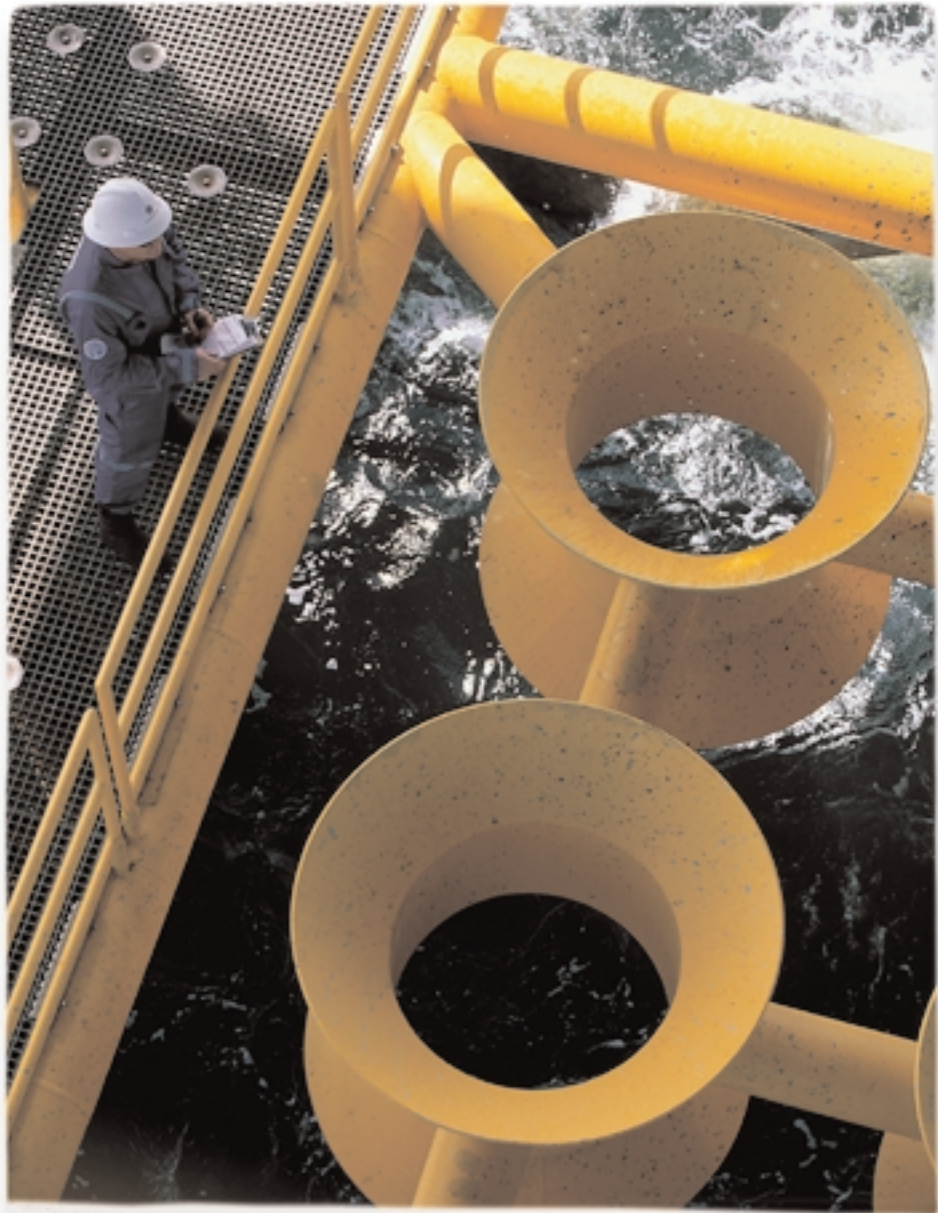








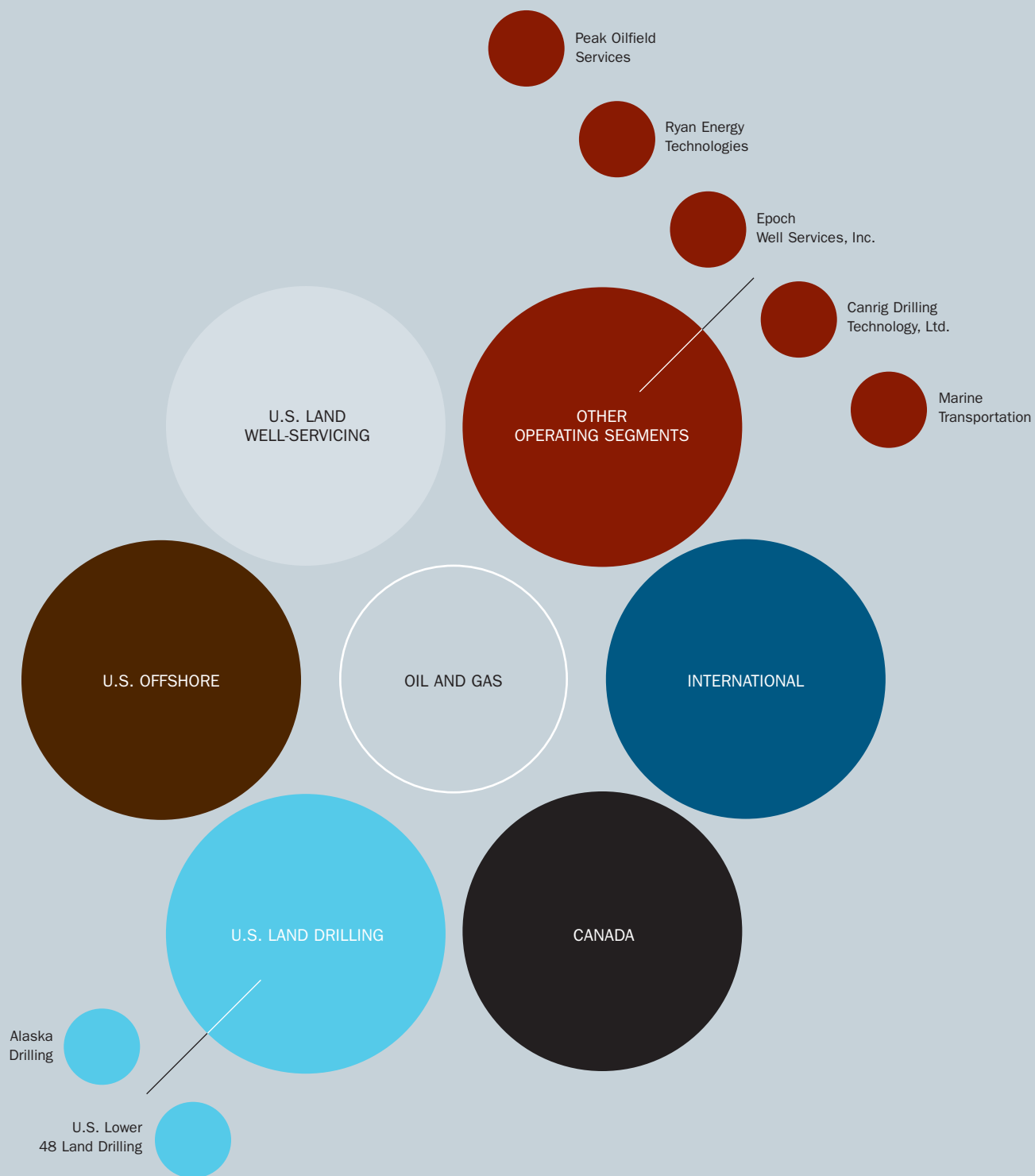
figure study: the elements of our

operations

Nabors has established operations in most of the world's more important oil and gas regions. Our business is organized into a group of semi-autonomous operating subsidiaries along geographic and product lines. All units benefit from the resources and expertise of the parent corporation and their affiliated companies.



figure I



NABORS INDUSTRIES

figure 2

16
JACK-UPS

575 LAND DRILLING RIGS

45 PLATFORMS

3
BARGE RIGS

- * TOP DRIVE MANUFACTURING
- * DRILLING INSTRUMENTATION SYSTEMS
- * OILFIELD SERVICES

31 MARINE VESSELS

954 LAND WORKOVER RIGS



figure 3

RIG FLEET STATUS

as of March 2004

Offshore Rig Fleet

	Platform Workover				Platform Drilling				Barge	Workover Jack-up	Drilling Jack-up	Total
	Concentric	< 750 HP	Sundowner*	> 750 HP	Super Sundowner*	MASE*	Self- Elevated	API				
International Offshore												
Australia				1								1
Brazil											1	1
Congo					1							1
Indonesia						1						1
India		1										1
Italy					1							1
Malaysia				1								1
Mexico					3	1	1				1	6
Qatar											1	1
Saudi Arabia											2.5	2.5
Trinidad						1					1	2
United States							1				1	2
Total International Offshore	0	0	1	2	5	3	2	0	0	0	7.5	20.5
U.S. Gulf of Mexico	3	3	7	3	3	0	6	4	3	7	1	40
Alaska							1					1
California							2					2
Total Offshore	3	3	8	5	8	3	11	4	3	7	8.5	63.5

Workover / Well-Servicing Rigs

	< 300 HP	300 – 350 HP	400 – 450 HP	500 HP and >	Total
U.S. Lower 48					
West Texas	7	74	67	8	156
East Texas	1	8	14	6	29
South Texas	0	12	13	7	32
Oklahoma	3	7	17	10	37
Rocky Mountain	1	6	29	8	44
California	63	74	59	5	201
Stacked	33	159	40	12	244
Total U.S. Lower 48	108	340	239	56	743
Canada	16	126	60	9	211
Total Workover / Well-Servicing	124	466	299	65	954

Land Drilling Fleet

	< 1,000 HP			1,000 – 1,399 HP		
	SCR	Other	Total	SCR	Other	Total
Alaska						
North Slope	1	1	2	4	0	4
Cook Inlet	0	1	1	0	0	0
Joint Venture	0	1	1	0	0	0
Total Alaska	1	3	4	4	0	4
U.S. Lower 48						
Southern Division						
California	3	4	7	3	0	3
East Texas	4	7	11	17	7	24
Gulf Coast	0	0	0	0	2	2
South Texas	0	1	1	1	5	6
West Texas	1	9	10	4	3	7
Subtotal Southern Division	8	21	29	25	17	42
Northern Division						
Mid-continent	0	18	18	8	16	24
North Dakota	0	4	4	1	12	13
Wyoming	5	14	19	3	6	9
Subtotal Northern Division	5	36	41	12	34	46
Subtotal Active Fleet	13	57	70	37	51	88
Stacked Inventory	6	42	48	3	22	25
Subtotal U.S. Lower 48	19	99	118	40	73	113
Total U.S. Land Drilling Fleet	20	102	122	44	73	117
Canada	5	51	56	10	3	13
International						
Latin America						
Argentina	0	10	10	3	2	5
Bolivia	0	0	0	0	2	2
Colombia	0	3	3	0	1	1
Ecuador	0	5	5	0	2	2
Venezuela	1	1	2	0	0	0
Subtotal Latin America	1	19	20	3	7	10
Australia and Far East						
Australia	0	4	4	0	0	0
Indonesia	0	2	2	0	0	0
Subtotal Australia and Far East	0	6	6	0	0	0
Middle East/Africa/CIS						
Algeria	0	0	0	0	0	0
Kazakhstan	1	2	3	0	0	0
Oman	0	0	0	2	0	2
Saudi Arabia	0	0	0	0	0	0
U.A.E.	0	4	4	0	0	0
Yemen	0	3	3	1	1	2
Subtotal Middle East/Africa/CIS	1	9	10	3	1	4
Joint Venture						
Saudi Arabia	0	11	11	0	0	0
Oman	0	0	0	1	0	1
Subtotal Joint Venture	0	11	11	1	0	1
Total International	2	45	47	7	8	15
Total Global Land Drilling Fleet	27	198	225	61	84	145

1,400 – 1,999 HP			> 2,000 HP			Total		
SCR	Other	Total	SCR	Other	Total	SCR	Other	Total
0	0	0	9	0	9	14	1	15
1	0	1	1	0	1	2	1	3
0	0	0	0	0	0	0	1	1
1	0	1	10	0	10	16	3	19
5	0	5	5	0	5	16	4	20
13	2	15	5	0	5	39	16	55
5	1	6	18	2	20	23	5	28
15	6	21	10	1	11	26	13	39
1	2	3	4	0	4	10	14	24
39	11	50	42	3	45	114	52	166
6	4	10	9	3	12	23	41	64
0	1	1	0	0	0	1	17	18
2	0	2	2	0	2	12	20	32
8	5	13	11	3	14	36	78	114
47	16	63	53	6	59	150	130	280
7	15	22	4	3	7	20	82	102
54	31	85	57	9	66	170	212	382
55	31	86	67	9	76	186	215	401
7	0	7	5	0	5	27	54	81
0	0	0	0	0	0	3	12	15
1	0	1	0	0	0	1	2	3
3	0	3	3	0	3	6	4	10
0	1	1	1	0	1	1	8	9
0	0	0	0	0	0	1	1	2
4	1	5	4	0	4	12	27	39
0	0	0	0	0	0	0	4	4
0	0	0	0	0	0	0	2	2
0	0	0	0	0	0	0	6	6
2	0	2	3	0	3	5	0	5
1	0	1	1	0	1	3	2	5
0	0	0	0	0	0	2	0	2
2	0	2	5	0	5	7	0	7
1	0	1	0	0	0	1	4	5
2	0	2	0	0	0	3	4	7
8	0	8	9	0	9	21	10	31
4	0	4	1	0	1	5	11	16
0	0	0	0	0	0	1	0	1
4	0	4	1	0	1	6	11	17
16	1	17	14	0	14	39	54	93
78	32	110	86	9	95	252	323	575

figure 4



U.S. Land Drilling

ALASKA

Nabors Alaska experienced a very good year in 2003, driven primarily by developmental drilling activity on the North Slope where four rigs were active the entire year. Multiple remote exploration projects early in the year also contributed significantly. Rig 273, a large upgraded rig relocated from Wyoming, was also busy for most of the year drilling two extended reach prospects in the Cook Inlet.

The outlook for 2004 is expected to be down significantly with continued contributions from the North Slope rigs diminished by the 2003 completion of two long-term contracts – Rig 429 on the Osprey platform and Rig 33E on North Star Island. Rig 14E, Nabors' Hercules airplane transportable rig, will conclude its current contract in April and awaits future drilling projects that require this unique style of rig. Several rigs from this unit are candidates for prospective drilling projects in Russia.

An incremental contribution is expected from Rig 27E, drilling a high profile exploratory well in the Beaufort Sea which, if successful, could lead to an extended developmental drilling program. Relatively active winter exploration activities coupled with the recent decision to go forward with plans to develop a heavy oil reservoir near Kuparuk should also contribute to results.

U.S. LOWER 48 LAND DRILLING

Results from our U.S. Lower 48 Land Drilling unit improved substantially throughout the year with the number of active rigs climbing from 105 to 175, a reflection of increased market share.

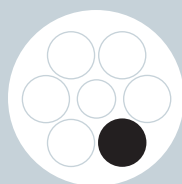
The year was highlighted by the refurbishment of two idle 1,500-horsepower rigs, transforming them into uniquely designed skidded rigs for drilling closely spaced wells on compact sites. Borrowing from North Slope experience, these rigs are able to skid between wells on the same pad in a matter of hours, as opposed to days when moving conventionally. Customer response has been excellent, even more so given the small footprint and minimal environmental impact that characterize these rigs, and subsequent refurbishments are likely for deployment in this particularly active area of the country.

The uptick in activity that characterized the year required that Nabors re-activate a substantial number of rigs that had been idle since 2001, although most required little or no refurbishment before being put to work. Nabors Drilling USA also continued upgrading selected elements of its fleet, the most significant component of which is the addition of higher mud pump capacities and the attendant power systems that facilitate the application of new technology. This unit also completed the fleet-wide rollout of advanced instrumentation systems and began the implementation of the OptiDrill™ automatic driller in preparation for broader application.

Nabors continued to focus on safety in 2003 with a significant improvement in what is already the industry's best safety record, a notable accomplishment considering the thousands of frequently inexperienced rig hands added during the year. This is a reflection of the depth and effectiveness of Nabors' ongoing safety program, which has seen the number of recordable incidents drop precipitously over the last several years.

Going forward, Nabors plans to continue its focus on improving efficiency and productivity, particularly in the area of rig moving time. As the drilling time of wells continues to shorten with improvements in rig efficiency, the time involved in moving is of increasing importance. Nabors continues to refine its performance through better planning and consolidation of rig components into fewer loads, the latter designed to reduce the volume of labor-intensive work.

Customer indications regarding rig activity lead us to believe that we will see steady improvement during the first half of the year with a likely significant increase in rig activity in the second half. This should lead to increased market share for Nabors, especially in the more complex directional and horizontal wells where the need for higher specification, technically advanced rigs fits our asset base. The magnitude of this increase in activity should absorb much of the remaining capacity of quality rigs and bring the rig supply/demand balance closer to the point where prices improve significantly.



Canada

The effect of our prior year acquisitions combined with a steadily improving market fueled a record year for Nabors Canada in 2003.

A number of other factors also contributed to this unit's strong performance, notably higher average North American natural gas prices and a diminishing differential between realized Canadian gas prices and U.S. gas prices. All of this resulted in higher operating cash flows for our Canadian customers and the corresponding improved access to capital markets.

The consolidation of mergers and acquisitions that occurred between two major Canadian operators in 2002 was completed during the year. This resulted in the restoration of drilling programs for the principals, as well as for smaller independents who were able to acquire or lease those non-strategic properties that were divested in the wake of the merger. Drilling activity was further stimulated by government investment in infrastructure that increased access to prospective oil and gas drilling properties, particularly in British Columbia, and by the further streamlining of the stringent Canadian regulatory process.

The improving market created opportunities for this unit to continue to invest in its innovative new rig technology, building two new AC drive rigs. These new designs, which can move in greatly reduced times, as much as 60 percent on infield moves, were widely accepted by customers and were quickly committed to long-term contracts at favorable terms.

The outlook for this unit in 2004 is excellent with early first quarter performance surpassing last year's results for the same time period. The company's plan to build more of our innovative fast-moving AC rigs will also enhance results as the year progresses. Nabors' performance should be bolstered by a reduction in the seasonality of work in this market as operators better allocate and prioritize resources between summer and winter drilling programs.



International

Nabors Drilling International's performance was up substantially during the year on the strength of nine incremental offshore rigs on long-term contracts. Results were further bolstered by higher utilization of our land fleet, particularly in the Middle East where all of our workable rigs were under contract.

The most significant of these projects was the refurbishment, modification and deployment of five under-utilized workover platform rigs from the U.S. Gulf of Mexico, where they had been assigned to Nabors Offshore, to Mexico's offshore waters under Nabors Drilling International. Four of Nabors' idle offshore supply vessels were also deployed to Mexico in support of these rigs. This also broadened the market for Canrig top drives and Epoch instrumentation systems.

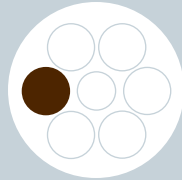
This unit was also successful in securing other platform projects using idle capacity. These include contracts for a workover platform rig in India and a 2,000-horsepower MASE rig in Indonesia. We also secured a contract for a newly acquired and refurbished jack-up rig in Trinidad and extended the contract of another jack-up in Qatar. The Indian rig was particularly strategic in that it replaced a competitive jack-up, delivering a significant improvement in economics for our customer and laying the groundwork for other incremental rigs in this area.

A full year's contribution from these rigs, increased bidding activity and the emergence of other strategic projects hold promise that this unit will deliver a significant increase in performance in 2004.

In Algeria, three of the five rigs deployed there are under contract and the remaining two should resume work in the second quarter, with the possibility of adding incremental rigs as activity in that country heats up.

In Yemen, Rig One is expected to return to work in the third quarter after being stacked at the end of 2003. Five other rigs will contribute the entire year and prospects are good for an incremental rig in the third quarter.

The only soft spot in the forecast is in Latin and South America, where activity is not expected to return to previous levels for some time. However, Nabors is well positioned there when the inevitable upturn occurs.



U.S. Offshore

Results for Nabors Offshore were relatively flat in 2003, but a meaningful uptick in the fourth quarter, driven primarily by increased jack-up and workover rig activity, appears to be sustainable throughout 2004. As the year drew to a close, nearly all of this unit's 1,000-horsepower and larger platform rigs were working and the pricing environment had substantially improved.

Nabors Offshore continued to emphasize safety during the year and the result was the unit's best performance in the last three years. New training programs, leadership meetings and pre-employment screenings combined to drop total recordables from five in 2000 to 2.47 in 2003.

Going forward, this unit expects 2004 results to significantly exceed those of 2003, primarily on the strength of its ability to capture a disproportionate share of the deep water market with its innovative MODS class rigs. The newest of these, the MODS 150, was completed and began operations in January and the MODS 140 was recently upgraded and commenced a one-year contract. The Nabors fleet of MODS rigs now numbers six, with five working and one undergoing refurbishment, and will expand to seven in June and eight in August with the completion and deployment of MODS 200 and 201, respectively. The latter two rigs incorporate AC drive technology and programmable logic controllers which facilitate the utilization of the latest drilling technologies and enhance overall efficiency and safety.

Further bolstering this unit is the continuing high utilization of our 1,000-horsepower and larger self-elevating platform rigs, which has been helped by last year's export of several rigs in this class to international venues for long-term contracts. In February, our recently upgraded barge drilling rig (BR-300) should recommence operations with greatly enhanced drilling capacity and a reduced minimum draft. This is now the most versatile rig for the deep horizon prospects of the shallowest water areas of the Gulf of Mexico. It also appears likely that we will see a continuance of the improving market for our platform and jack-up workover rigs that materialized late last year.



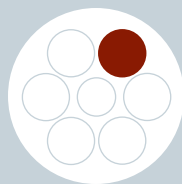
U.S. Land Well-Servicing

Results for Pool Well Services were up substantially in 2003, primarily attributable to an increase in activity for our higher margin 24-hour rigs involved in workover, completion and gas well stimulation operations.

Pool's continuing focus on safety and training again paid dividends in 2003 as this unit's recordable incident rate dropped from 2.5 to 2.16. The company once again achieved the industry's best safety performance, receiving the Gold Safety Award by the Association of Energy Service Companies for the seventh year in a row.

Pool continued its upgrade and refurbishment program, reactivating long-idled rigs at less than half the cost of a new build in response to increased market demand. Pool also completed the purchase of its first new generation electronically-controlled workover rig, developed in conjunction with National Oilwell. The rig has several features that provide greater efficiency and safety, some of which will be exclusive to Pool, and will undergo an extensive test period to fully evaluate the expected value for our customers and the return on investment for Pool.

Going forward, Pool is implementing a new generation of instrumentation for well service rigs in conjunction with sister company Epoch Well Services. Designed to enhance safety and operational efficiency, this new instrumentation will provide detection and early warning of impending problems. The first ten installations will serve as a test group, with a broader rollout planned for the third quarter.



Other Operating Segments

MARINE TRANSPORTATION

This unit experienced a down year in 2003, weathering a significantly reduced level of activity in the U.S. Gulf of Mexico. Fleet utilization remained high during the year, but pricing declined in the face of an oversupply of available equipment.

Safety continued to be a high priority in 2003 as additional training served to improve upon an already excellent record. Our operating clients incurred only one lost-time accident in the last 1.2 million man hours, continuing to be among the industry's best.

Prospects for 2004 continue to be marginal as new capacity construction by competitors continues. We are coping with this situation by exporting vessels to various international venues such as Mexico where we reflagged four units to support Nabors offshore rigs. Upgrades to the dynamic positioning systems of our Super 200 class vessels are also serving to maintain the desirability of these units in the market.

CANRIG DRILLING TECHNOLOGY, LTD.

Canrig's performance in 2003 was up slightly over the previous year, primarily on the strength of a substantial improvement in third-party sales. Nearly 70 percent of this unit's top drive shipments were to non-Nabors' customers, up from only 30 percent just two years ago.

The successful introduction of a 175-ton AC top drive was a highlight of the year and gives Canrig a complete range of top drives. Five were delivered during the year with six more scheduled for delivery in 2004. The company also introduced remote diagnostics, a service which will allow technicians to troubleshoot top drive problems worldwide from base facilities in Houston.

Going forward, Canrig expects its results to continue to be positively impacted by expanding third-party sales and the delivery of the six 175-ton units. Sustaining improvement in profitability is more likely as top drive parts sales and 1,000-hour recertifications are an increasingly significant contributor. The company will continue to design and implement new and innovative products like remote diagnostics, and seek to acquire products and services that will add content and value for our customers.

Canrig will begin licensing a soft torque application for its top drives in 2004. This feature will be optional on Canrig top drives, but its ability to extend drill string and bit life and deliver faster rates of penetration should improve market acceptance of this product on both new models and retrofits.

EPOCH WELL SERVICES, INC.

Results were flat in 2003, but this unit took several actions that will be strategic in the coming year. Epoch completed the rollout of a significantly enhanced version of its Rigwatch rig instrumentation product that incorporates the best features of the Ryan Energy Technologies instrumentation system. This unit also upgraded its satellite data transmission capabilities with new components and a new software platform for real-time data transmission through mywells.com, the company's Internet data transmission product.

Going forward, this unit expects to roll out the OptiDrill™ automatic drilling system that was developed by Noble Corporation, licensed and jointly marketed by Nabors. Field testing on ten Nabors drilling rigs have validated our expectations that this product provides superior rates of penetration and the corresponding improvement in drilling performance. Epoch is accelerating the implementation of this product on a broad range of Nabors rigs in 2004, improving their marketability.

Epoch has begun implementation of a new generation of instrumentation for well service rigs in conjunction with sister company Pool Well Services. Designed to enhance safety and operational efficiency, this new instrumentation will provide detection and early warning of potential problems. The first ten installations will serve as a test group, with a broader rollout planned for the third quarter.

Epoch will also introduce a remote mud logging service during the year. It utilizes satellite technology to provide a higher level of service at lower costs for our customers.

RYAN ENERGY TECHNOLOGIES

Results were down slightly in 2003 as this unit integrated their rig instrumentation product into Epoch's Rigwatch and completed their transition into the Nabors organization.

Going forward, Ryan expects 2004 results to improve as both U.S. and Canadian operations start the year strong, with improved utilization tracking increased drilling activity, and a cost reduction effort takes effect. This unit will continue to focus on development of technology that will broaden its participation in the under-balanced drilling market, and continue to look for opportunities to package its products and services with those offered by other Nabors companies.

PEAK OILFIELD SERVICES

Results for Peak Oilfield Services, our Alaskan construction and logistics joint venture, were down slightly in 2003 as a very strong year in support of exploration was offset by the loss of a major North Slope contract. Peak mitigated the loss of the contract by immediately instituting a reorganization and cost-reduction plan.

More than 50 miles of ice roads and two ice islands were constructed during the year, the latter two for a new customer drilling in the Beaufort Sea. Peak's Kenai operation was also up substantially in support of offshore drilling activity.

Going forward, this unit's performance should be up slightly in 2004 on the strength of increased exploration activity on the North Slope and additional developmental drilling in Prudhoe Bay and Kuparuk, both already evident in January and February. Drilling support in Kenai should also be up and the company will continue its aggressive approach to improving its safety performance.