

NABORS INDUSTRIES INC

Form 424B3

January 25, 2007

Filed Pursuant to Rule 424(b)(3)  
Registration Nos. 333-136797  
333-136797-01

Prospectus Supplement No. 5  
(To Prospectus Dated August 21, 2006)

**NABORS INDUSTRIES, INC.**

**NABORS INDUSTRIES LTD.**

**\$2,750,000,000**

**0.94% SENIOR EXCHANGEABLE NOTES DUE 2011  
GUARANTEED BY NABORS INDUSTRIES LTD.**

**COMMON SHARES, PAR VALUE U.S.\$0.001 PER SHARE, OF NABORS INDUSTRIES LTD.  
ISSUABLE UPON EXCHANGE OF THE NOTES**

**GUARANTEE OF NABORS INDUSTRIES LTD.**

This prospectus supplement, which supplements the prospectus filed by Nabors Industries, Inc. (the Company) and Nabors Industries Ltd. (Nabors) on August 21, 2006, as supplemented on September 7, 2006, September 22, 2006, October 9, 2006 and November 13, 2006 will be used by selling security holders to resell the notes and the common shares issuable upon the exchange of the notes. You should read this prospectus supplement in conjunction with the related prospectus, as previously supplemented, which is to be delivered by selling security holders to prospective purchasers along with this prospectus supplement.

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

You should read and rely only on the information contained in the prospectus supplements and the related prospectus, together with those documents incorporated by reference, as described on page (iii) of the related prospectus under **Incorporation By Reference**. Neither the Company, Nabors nor any selling security holder has authorized any person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. The selling security holders are offering to sell, and are seeking offers to buy, the securities only in jurisdictions where offers and sales are permitted. Neither this prospectus supplement nor the related prospectus, as previously supplemented, constitutes an offer to sell, or a solicitation of an offer to buy, any securities by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. You should not assume that the information contained in this prospectus supplement or the related prospectus, as previously supplemented, is accurate as of any date other than the date on the front cover of the respective document.

*Investing in the notes or Nabors common shares issuable upon exchange of the notes involves risks.  
See Risk Factors, beginning on page 5 of the related prospectus.*

The date of this prospectus is January 25, 2007.

The information set forth in the following table modifies and supplements the information set forth in the table appearing under the heading **Selling Security Holders** in the related prospectus. The information is based on information provided to the Company and Nabors by or on behalf of the selling security holders on or prior to January 25, 2007 and has not been independently verified by the Company and Nabors. Since the date on which each selling security holder identified below provided this information, any of these selling security holders may have sold, transferred or otherwise disposed of all or a portion of its securities in transactions exempt from the registration requirements of the Securities Act or pursuant to the prospectus to which this prospectus supplement relates. The selling security holders may from time to time offer and sell pursuant to the prospectus or supplements thereto any or all of the securities. Because the selling security holders are not obligated to sell securities, the Company cannot estimate the amount of the notes or how many of Nabors' common shares the selling security holders will hold upon consummation of any such sales. Information about other selling security holders, if any, will be provided in one or more prospectus supplements or post-effective amendments to the registration statement of which the prospectus is a part.

Name	0.94% Senior Exchangeable Notes Due 2011		Common Shares		
	Principal Amount of Notes Beneficially Owned and Offered Hereby(1)	Percentage of Notes Outstanding Before Offering	Nabors Common Shares Owned Prior to the Offering(1)(2)	Number of Shares Offered for Sale(1)	Number of Shares Held After Offering
Alembic Ltd.	\$ 94,000	*	2,051	2,051	0
BMO Nesbitt Burns Inc. (3)	\$ 3,000,000	*	65,466	65,466	0
Captive Investors Fund	\$ 1,184,000	*	25,837	25,837	0
Family Service Life Insurance Company (4)	\$ 100,000	*	2,182	2,182	0
Guardian Life High Delta Convertibles (4)	\$ 2,000,000	*	43,644	43,644	0
Guardian Life Insurance Company (4)	\$ 8,500,000	*	185,487	185,487	0
Guardian Pension Trust (4)	\$ 700,000	*	15,275	15,275	0
Performa International Convertible Bond Fund	\$ 2,981,000	*	65,051	65,051	0
Swiss Re Financial Products Corporation (5).	\$ 42,500,000	1.55%	1,774,456	927,439	847,017

Tricor Re Investment Fund	\$	241,000	*	5,259	5,259	0
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\* less than one percent

(1) Includes Nabors common shares issuable upon exchange of the notes based on the initial exchange rate of 21.8221 common shares per \$1,000 principal amount of the notes. However, on exchange, the principal amount of the notes will be paid in cash and the exchange rate is subject to adjustment as described under Description of the Notes Exchange of Notes. As a result, the number of common shares issuable upon exchange of the notes may increase or decrease in the future.

(2) In calculating the Number of Nabors Common Shares Owned Prior to the Offering, we treated as outstanding the

number of  
Nabors common  
shares issuable  
upon exchange  
of all of that  
particular  
holder's notes in  
accordance with  
the applicable  
referenced  
exchange rates.

- (3) BMO Nesbitt  
Burns Inc. is a  
subsidiary of  
Bank of  
Montreal  
Toronto, a  
publicly traded  
company. BMO  
Nesbitt Burns  
Inc. is also  
broker-dealer.  
Stephen Church  
has the power to  
vote and dispose  
of the security  
held by BMO  
Nesbitt Burns  
Inc.
- (4) The selling  
security holder  
is an affiliate of  
Park Avenue  
Securities and  
Guardian Life  
Investor  
Services, LLC,  
broker-dealers  
which are  
indirect  
wholly-owned  
subsidiaries of  
the Guardian  
Life Insurance  
Company of  
America  
( Guardian Life ).  
John Murphy,  
Managing

Director of  
Guardian Life,  
has the power to  
vote and dispose  
of the securities  
held by the  
selling security  
holder.

- (5) Swiss Re  
Financial  
Products  
Corporation is a  
wholly owned  
subsidiary of  
Swiss Re, a  
publicly traded  
company and  
investment  
company under  
the Investment  
Company Act of  
1940. The  
number of  
Nabors  
Common Shares  
Owned Prior to  
the Offering by  
Swiss Re  
Financial  
Products  
Corporation  
includes  
847,017 Nabors  
common shares  
held as shares  
rather than  
issuable  
pursuant to  
exchange.