

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): February 18, 2004

UNIT CORPORATION  
(Exact Name of Registrant as Specified in Charter)

Delaware	1-9260	73-1283193
(State of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1000 Kensington Tower,  
7130 South Lewis,  
Tulsa, Oklahoma 74136

(Address Of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (918) 493-7700

(Not Applicable)  
(Former Name Or Former Address, If Changed Since Last Report)

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

99 Press Release of Unit Corporation dated February 18, 2004

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liability of that section or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On February 18, 2004, Unit Corporation announced its earnings for the quarter and year ended December 31, 2003. The press release regarding this announcement is furnished as Exhibit 99.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 18, 2004

UNIT CORPORATION

By: /s/ Larry D. Pinkston

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Larry D. Pinkston  
President

## Exhibit Index

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Exhibit No.

Description

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Press Release, issued by Unit Corporation on February 18, 2004  
announcing its earnings for the quarter and year ended December  
31, 2003.

7130 South Lewis Avenue, Tulsa, Oklahoma 74136  
Telephone 918 493-7700, Fax 918 493-7714

Contact: Larry D. Pinkston  
President, Treasurer  
and Chief Financial Officer  
(918) 493-7700

For Immediate Release...  
February 18, 2004

UNIT CORPORATION REPORTS FOURTH QUARTER  
AND YEAR-END EARNINGS FOR 2003

Tulsa, Oklahoma . . . Unit Corporation (NYSE - UNT) announced today its financial and operational results for the fourth quarter and year-end 2003. Year-over-year revenue improved 61%, a record for Unit. Year-over-year earnings per share increased 145% to \$1.15 per diluted share. The improvement in revenue and net income was attributable to increases in drilling rig utilization and dayrates, as well as increases in production of oil and natural gas and the price received for those commodities. Drilling rig utilization averaged 62.9 rigs operating during 2003 versus 39.1 rigs operating during 2002. Unit added 13 drilling rigs during the year, bringing its fleet to a record 88 drilling rigs. Unit replaced 166% of its oil and natural gas production, achieving its goal of greater than 150% production replacement for the 20th consecutive year.

For the fourth quarter of 2003, consolidated net income was \$11.8 million, or 27 cents per diluted share, on revenues of \$83.0 million. In 2002, net income for the fourth quarter was \$6.8 million, or 16 cents per diluted share, on revenues of \$55.9 million.

Net income for the year ended December 31, 2003 was \$50.2 million, or \$1.15 per diluted share, on revenue of \$302.6 million. In 2002, net income was \$18.2 million, or 47 cents per diluted share, on revenue of \$187.6 million.

Consolidated cash flow provided by operating activities for the fourth quarter of 2003 was \$33.3 million versus \$16.3 million for 2002's corresponding period. Cash flow provided by operating activities for the year was \$121.7 million versus \$70.5 million in 2002.

UNIT DRILLING RESULTS

Contract drilling revenues increased 57% between the comparative fourth quarters to \$53.3 million, due to an increase in dayrates and drilling rig utilization. Drilling rig rates for the fourth quarter averaged \$8,128 per day, 10% higher than the comparable quarter of 2002. Contract drilling operating margins per drilling rig averaged \$1,815 per day in the fourth quarter of 2003 as compared to \$1,440 for the same period in 2002. Higher insurance cost, primarily from workers compensation reserves, negatively impacted operating margins by \$449 per day in the fourth quarter of 2003. The average drilling rig utilization was 69.8 rigs in the fourth quarter of 2003, up 47% from 2002's fourth quarter. With the acquisition of 12 drilling rigs during December of 2003, combined with an additional drilling rig that was built and placed into service, Unit's fleet now totals 88 drilling rigs. Currently, 84 of the 88 drilling rigs are operating.

Between the comparative years, contract drilling revenues increased 55% in 2003 to \$183.1 million while drilling rig utilization increased to an average of 62.9 rigs operating during 2003, compared to 39.1 rigs operating during 2002. Contract drilling operating margins increased to 24%, compared to 23% during 2002.

UNIT PETROLEUM RESULTS

Fourth quarter production was 144,000 barrels of oil and 5,606 million cubic feet (MMcf), a 21% equivalent Mcf increase from the fourth quarter of 2002. Revenues for the fourth quarter were \$29.1 million or 39% higher than 2002's fourth quarter. The increase in revenue was due to higher oil and natural gas prices and production.

Unit's 2003 oil and natural gas production was 516,000 barrels of oil and 20,648 MMcf of natural gas, a 9% equivalent Mcf increase over 2002's production. 2003 oil and natural gas revenues were \$116.6 million, a 72% improvement over 2002.

Average natural gas prices received during the fourth quarter of 2003 increased 18% to \$4.40 per thousand cubic feet (Mcf) compared to \$3.74 per Mcf during the fourth quarter of 2002. The average oil price received was \$26.76 per barrel in the fourth quarter of 2003 compared to \$23.24 per barrel in the fourth quarter of 2002, a 15% increase. For the year, the average natural gas price received increased 70% to \$4.87 per Mcf compared to \$2.87 per Mcf during 2002. The average oil price received was \$26.94 per barrel during 2003 compared to \$21.54 per barrel in 2002, a 25% increase.

During 2003, Unit drilled 149 wells, a 55% increase over the number of wells drilled during 2002. Of the 149 wells, 128 wells, or 86%, were completed as producing wells. Unit's total oil and natural gas reserves at December 31, 2003, were 285.0 billion cubic feet equivalent (Bcfe), a 6% increase over 2002. Unit replaced 166% of 2003 production, achieving for the 20th consecutive year the company's goal of replacing at least 150% of production with new oil and natural gas reserves. Unit's three-year average finding cost was \$1.65 per Mcfe.

#### MANAGEMENT COMMENTS

"We are pleased with our fourth quarter 2003 and year-end results," said John Nikkel, Chairman of the Board and Chief Executive Officer. "During December of 2003, as a result of our acquisition of Serdrilco Incorporated, we acquired 12 additional drilling rigs, a fleet of 12 trucks and a district office and equipment yard in and near Borger, Texas. This acquisition fits nicely with our current drilling operations. Along with a rig that was recently built and placed into service, Unit's drilling rig fleet now stands at 88 drilling rigs, the largest in Unit's history."

"Within our exploration and production operations, we completed our acquisition of PetroCorp Inc., on January 30, 2004. Including PetroCorp's oil and natural gas reserves, Unit's total oil and natural gas reserve base now consists of 7.8 million barrels of oil and 294.5 Bcf of natural gas, a 27% equivalent increase in total reserves over 2002. We plan to drill aggressively during 2004, with a goal of drilling 165 to 175 wells. Our acquisition, exploration and development drilling capital expenditure budget for 2004 is \$95 million, an increase of 30% over 2003."

#### WEBCAST

Unit will webcast its fourth quarter earnings conference call live over the Internet on February 18, 2004 at 11:00 a.m. Eastern Time. To listen to the live call, please go to [www.unitcorp.com](http://www.unitcorp.com) at least fifteen minutes prior to the start of the call to download and install any necessary audio software. For those who are not available to listen to the live webcast, a replay will be available shortly after the call and will remain on the site for 90 days.

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Unit Corporation is a Tulsa-based, publicly held energy company engaged through its subsidiaries in oil and gas exploration, production and contract drilling. Unit's Common Stock is listed on the New York Stock Exchange under the symbol UNT. For more information about Unit Corporation, visit its website at <http://www.unitcorp.com>.

This news release contains forward-looking statements within the meaning of the Securities Litigation Reform Act that involve risks and uncertainties, including the projected utilization rates of the company's drilling rigs, the number of wells we intend to drill during the year 2004, the size of our proposed capital budgets, the productive capabilities of the wells, future demand for oil and natural gas, future dayrates, oil and gas reserve information, anticipated production rates from company wells, the prospective capabilities of offset acreage, anticipated oil and natural gas prices, development, operational, implementation and opportunity risks, and other factors described from time to time in the company's publicly available SEC reports, which could cause actual results to differ materially from those expected.

	Three Months Ended		Year Ended	
	December 31,	December 31,	December 31,	December 31,
	2002	2003	2002	2003
-----				
Statement of Operations:				
Revenues:				
Contract drilling	\$ 34,029	\$ 53,307	\$ 118,173	\$ 183,146
Oil and natural gas	20,973	29,088	67,959	116,609
Other	879	562	1,504	2,829
	-----	-----	-----	-----
Total revenues	55,881	82,957	187,636	302,584
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Expenses:				
Contract drilling:				
Operating costs	27,719	41,657	91,338	138,762
Depreciation and amortization	4,767	6,533	14,684	23,644
Oil and natural gas:				
Operating costs	5,517	6,401	20,795	25,169
Depreciation, depletion and amortization	5,939	7,879	23,338	27,343
General and administrative	2,490	2,456	8,712	9,222
Interest	226	153	973	693
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Total expenses	46,658	65,079	159,840	224,833
	-----	-----	-----	-----
Income Before Income Taxes and Change in Accounting Principle	9,223	17,878	27,796	77,751
	-----	-----	-----	-----
Income Tax Expense:				
Current	(3,544)	(456)	(3,469)	---
Deferred	5,981	6,583	13,021	28,887
	-----	-----	-----	-----
Total income taxes	2,437	6,127	9,552	28,887
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Income Before Change in Accounting Principle	6,786	11,751	18,244	48,864
Cumulative Effect of Change in Accounting Principle	----	----	----	1,325
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Net Income	\$ 6,786	\$ 11,751	\$ 18,244	\$ 50,189
	=====	=====	=====	=====
Income Before Change in Accounting Principle Per Common Share:				
Basic	\$ .16	\$ .27	\$ .47	\$ 1.12
Diluted	\$ .16	\$ .27	\$ .47	\$ 1.12
Net Income Per Common Share:				
Basic	\$ .16	\$ .27	\$ .47	\$ 1.15
Diluted	\$ .16	\$ .27	\$ .47	\$ 1.15
Weighted Average Common Shares Outstanding:				
Basic	43,338	43,950	38,844	43,616
Diluted	43,632	44,116	39,112	43,773
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	-----	-----	-----	-----
	December 31,		December 31,	
	2002		2003	
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Balance Sheet Data:

Current assets	\$ 51,399	\$ 72,742
Total assets	\$ 578,163	\$ 712,925
Current liabilities	\$ 34,532	\$ 51,811
Long-term debt	\$ 30,500	\$ 400
Other long-term liabilities	\$ 5,439	\$ 17,893
Deferred income taxes	\$ 86,320	\$ 127,053
Shareholders' equity	\$ 421,372	\$ 515,768

Year Ended  
December 31,  
2002 2003

Statement of Cash Flows Data:

Cash Flow From Operations

before Changes in Working Capital (1)	\$ 70,876	\$ 129,830
Net Change in Working Capital	(329)	(8,118)
	-----	-----
Net Cash Provided by Operating Activities	\$ 70,547	\$ 121,712
	=====	=====
Net Cash Used in Investing Activities	\$ 72,736	\$ 132,099
Net Cash Provided by Financing Activities	\$ 2,295	\$ 10,488

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2002	2003	2002	2003

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Contract Drilling Operations Data:

Rigs Utilized	47.5	69.8	39.1	62.9
Operating Margins (2)	19%	22%	23%	24%
Operating Profit Before Depreciation (2) (\$MM)	\$ 6.3	\$ 11.7	\$ 26.8	\$ 44.4

Oil and Natural Gas Operations Data:

Production				
Oil - MBbls	126	144	473	516
Natural Gas - MMcf	4,609	5,606	18,968	20,648
Average Prices				
Oil -- Bbl	\$ 23.24	\$ 26.76	\$ 21.54	\$ 26.94
Natural Gas - Mcf	\$ 3.74	\$ 4.40	\$ 2.87	\$ 4.87
Operating Profit Before DD&A (2) (\$MM)	\$ 15.5	\$ 22.7	\$ 47.2	\$ 91.4

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- (1) Unit Corporation considers Unit's cash flow from operations before changes in working capital an important measure in meeting the performance goals of the company.
- (2) Operating profit before depreciation is calculated by taking operating revenues by segment less operating expenses by segment excluding depreciation, depletion, amortization and impairment, general and administrative and interest expense. Operating margins are calculated by taking operating profit divided by segment revenues.

