SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2007

OR

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

For the transition period from _________ to _________

[Commission File Number 1-9260]

UNIT CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**73-1283193**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
7130 South Lewis, Suite 1000, Tulsa, Oklahoma	**74136**
(Address of principal executive offices)	(Zip Code)

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

None
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [x] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer [x] Accelerated filer [ ] Non-accelerated filer [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [x]

As of October 29, 2007, 46,381,533 shares of the issuer's common stock were outstanding.

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UNIT CORPORATION

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Forward-Looking Statements

This document contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could adversely or positively affect our future results include: the behavior of financial markets, including fluctuations in interest and commodity and equity prices; strategic actions, including acquisitions and dispositions; future integration of acquired businesses; future financial performance of industries which we serve, including, without limitation, the energy industries; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

UNIT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2007	December 31, 2006
	(In thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 853	$ 589
Restricted cash	19	18
Accounts receivable, net of allowance for doubtful accounts of $3,350 at September 30, 2007 and $1,600 at December 31, 2006	165,392	200,415
Materials and supplies	16,932	18,901
Other	16,388	13,017
Total current assets	199,584	232,940
Property and Equipment:		
Drilling equipment	948,125	781,190
Oil and natural gas properties, on the full cost method:		
Proved properties	1,528,655	1,330,010
Undeveloped leasehold not being amortized	66,327	53,687
Gas gathering and processing equipment	110,530	85,339
Transportation equipment	22,400	20,749
Other	19,618	17,082
	2,695,655	2,288,057
Less accumulated depreciation, depletion, amortization and impairment	874,069	735,394
Net property and equipment	1,821,586	1,552,663
Goodwill	62,808	57,524
Other Intangible Assets, Net	14,960	17,087
Other Assets	14,523	13,882
Total Assets	$ 2,113,461	$ 1,874,096

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

UNIT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) - CONTINUED

	September 30, 2007	December 31, 2006
	(In thousands)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 94,439	$ 92,125
Accrued liabilities	43,280	52,166
Income taxes payable	—	2,956
Contract advances	3,231	5,061
Current portion of other liabilities	10,475	8,634
Total current liabilities	151,425	160,942
Long-Term Debt	153,600	174,300
Other Long-Term Liabilities	52,135	55,741
Deferred Income Taxes	397,690	325,077
Shareholders' Equity:		
Preferred stock, $1.00 par value, 5,000,000 shares authorized, none issued	—	—
Common stock, $.20 par value, 175,000,000 shares authorized, 46,379,233 and 46,283,990 shares issued, respectively	9,280	9,257
Capital in excess of par value	341,744	333,833
Accumulated other comprehensive income (loss)	(129)	1,339
Retained earnings	1,007,716	813,607
Total shareholders' equity	1,358,611	1,158,036
Total Liabilities and Shareholders' Equity	$ 2,113,461	$ 1,874,096

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

UNIT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(In thousands except per share amounts)			
Revenues:				
Contract drilling	$ 157,769	$ 182,461	$ 472,403	$ 519,799
Oil and natural gas	95,231	91,238	277,680	267,518
Gas gathering and processing	32,784	25,638	99,321	72,840
Other	551	557	842	2,894
Total revenues	286,335	299,894	850,246	863,051
Expenses:				
Contract drilling:				
Operating costs	77,951	78,595	228,967	238,021
Depreciation	14,793	13,403	41,192	38,089
Oil and natural gas:				
Operating costs	23,101	21,560	69,701	58,854
Depreciation, depletion and amortization	32,297	27,557	92,367	76,780
Gas gathering and processing:				
Operating costs	28,275	22,216	87,171	63,734
Depreciation and amortization	2,858	1,637	7,752	4,019
General and administrative	5,355	4,630	15,784	12,998
Interest	1,797	1,228	5,167	3,235
Total expenses	186,427	170,826	548,101	495,730
Income Before Income Taxes	99,908	129,068	302,145	367,321
Income Tax Expense:				
Current	11,152	26,442	53,498	89,741
Deferred	24,695	21,361	54,538	46,585
Total income taxes	35,847	47,803	108,036	136,326
Net Income	$ 64,061	$ 81,265	$ 194,109	$ 230,995
Net Income per Common Share:				
Basic	$ 1.38	$ 1.76	$ 4.19	$ 5.00
Diluted	$ 1.37	$ 1.75	$ 4.16	$ 4.98

The accompanying notes are an integral part of the
Condensed Consolidated Financial Statements.

UNIT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30, 2007	2006
	(In thousands)	
Cash Flows From Operating Activities:		
Net income	$ 194,109	$ 230,995
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	141,968	119,422
Deferred tax expense	54,538	46,585
Other	3,792	5,843
Changes in operating assets and liabilities increasing (decreasing) cash:		
Accounts receivable	35,023	(4,840)
Accounts payable	(24,497)	(27,424)
Material and supplies inventory	1,969	(9,044)
Accrued liabilities	(14,066)	(9,139)
Contract advances	(1,830)	5,129
Other – net	(1,627)	(7,928)
Net cash provided by operating activities	389,379	349,599
Cash Flows From (Used In) Investing Activities:		
Capital expenditures	(344,524)	(299,312)
Cash paid for acquisitions	(38,500)	(53,820)
Proceeds from disposition of assets	3,866	5,865
Other-net	(388)	(241)
Net cash used in investing activities	(379,546)	(347,508)
Cash Flows From (Used In) Financing Activities:		
Borrowings under line of credit	144,600	183,200
Payments under line of credit	(165,300)	(183,100)
Proceeds from exercise of stock options	659	726
Tax benefit from stock options	—	290
Book overdrafts	10,472	(3,548)
Net cash used in financing activities	(9,569)	(2,432)
Net Increase (Decrease) in Cash and Cash Equivalents	264	(341)
Cash and Cash Equivalents, Beginning of Period	589	947
Cash and Cash Equivalents, End of Period	$ 853	$ 606

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

UNIT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(In thousands)			
Net Income	$ 64,061	$ 81,265	$ 194,109	$ 230,995
Other Comprehensive Income, Net of Taxes:				
Change in value of derivative instruments used as cash flow hedges (net of tax of $(52), $(62), $(566) and $161)	(122)	(106)	(1,026)	273
Reclassification - derivative settlements (net of tax of $(93), $(87), $(269) and $(158))	(121)	(148)	(442)	(267)
Comprehensive Income	$ 63,818	$ 81,011	$ 192,641	$ 231,001

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

NOTE 1 - BASIS OF PREPARATION AND PRESENTATION

The accompanying unaudited condensed consolidated financial statements in this quarterly report include the accounts of Unit Corporation and all its subsidiaries and affiliates and have been prepared under the rules and regulations of the SEC. The terms "company", "Unit," "we," "our" and "us" refer to Unit Corporation, a Delaware corporation, and its subsidiaries and affiliates, except as otherwise indicated or as the context otherwise requires.

The accompanying interim condensed consolidated financial statements do not include all the notes in our annual financial statements and, therefore, should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Form 10-K, filed March 1, 2007, for the year ended December 31, 2006. The accompanying condensed consolidated financial statements include all normal recurring adjustments that we consider necessary to state fairly our financial position at September 30, 2007, results of operations for the three and nine months ended September 30, 2007 and 2006 and cash flows for the nine months ended September 30, 2007 and 2006. All intercompany transactions have been eliminated.

Our financial statements are prepared in conformity with generally accepted accounting principles (GAAP) in the U.S. Preparing financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported in our condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Results for the three and nine months ended September 30, 2007 and 2006 are not necessarily indicative of the results to be realized during the full year. With respect to the unaudited financial information of the company for the three and nine month periods ended September 30, 2007 and 2006, included in this quarterly report, PricewaterhouseCoopers LLP reported that it applied limited procedures in accordance with professional standards for a review of that information. Its separate report dated November 1, 2007 which is included in this quarterly report, states that it did not audit and it does not express an opinion on that unaudited financial information. Accordingly, the reliance placed on its report should be restricted in light of the limited review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for its report on the unaudited financial information because that report is not a "report" or a "part" of a registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Act.

Before January 1, 2006, we accounted for our stock-based compensation plans under the recognition and measurement principles of Accounting Principles Board No. 25 (APB 25), “Accounting for Stock Issued to Employees,” and related Interpretations. Under APB 25, no stock-based employee compensation costs relating to stock options were reflected in net income since all options granted under the company’s plans had an exercise price equal to the market value of the underlying common stock on the date of grant.

On January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment, (FAS 123(R)) to account for stock-based employee compensation. FAS 123(R) eliminated the use of APB Opinion No. 25 and the intrinsic value method of accounting for equity compensation and requires companies to recognize in their financial statements the cost of employee services received in exchange for equity awards based on the grant date fair value of those awards. We elected to use the modified prospective method in applying FAS123(R), which requires compensation expense to be recorded for all unvested stock options and other equity-based compensation beginning in the first quarter of adoption. Financial statements for prior periods have not been restated. On adoption of FAS 123(R), we elected to use the "short-cut" method to calculate the historical pool of windfall tax benefits in accordance with Financial Accounting Staff Position No. FAS 123(R)-3, "Transition Election to Accounting for the Tax Effects of Share-Based Payment Awards", issued on November 10, 2005. For all unvested options outstanding as of January 1, 2006, the previously measured but unrecognized compensation expense, based on the fair value at the original grant date, is being recognized in the financial statements over the remaining vesting period. For equity-based compensation awards granted or modified after December 31, 2005, compensation expense, based on the fair value on the date of grant or modification will be recognized in our financial statements over the vesting period. To the extent compensation cost relates to employees directly involved in oil and natural gas acquisition, exploration and development activities, these amounts are capitalized to oil and natural gas properties. Amounts not capitalized to oil and natural gas properties are recognized in general and administrative expense and operating costs of the company’s business segments. We use the Black-Scholes option pricing model to measure the fair value of stock options and stock appreciation rights. The value of restricted stock grants is based on the closing stock price on the date of the grant.

In the third quarter and first nine months of 2007, we recognized stock compensation expense for restricted stock awards, stock appreciation rights and stock options of $1.7 million and $3.3 million, respectively, and capitalized stock compensation cost for oil and natural gas properties of $0.3 million and $0.6 million, respectively. The tax benefit related to this stock based compensation was $0.6 million and $1.1 million for the third quarter and first nine months of 2007, respectively. The remaining unrecognized compensation cost related to unvested awards at September 30, 2007 is approximately $19.2 million with $5.0 million of this amount to be capitalized. The weighted average period of time over which this cost will be recognized is 1.4 years.

In the third quarter and first nine months of 2006, we recognized stock compensation expense for restricted stock awards and stock options of $0.9 million and $2.2 million, respectively and capitalized stock compensation cost for oil and natural gas properties of $0.2 million and $0.6 million, respectively. The tax benefit related to this stock based compensation was $0.3 million and $0.8 million, respectively for the third quarter and first nine months of 2006.

No stock appreciation rights were granted during the third quarters or first nine months of 2007 and 2006.

No stock options were granted during the three month periods ending September 30, 2007 and 2006. The following table estimates the fair value of each stock option granted during the nine months ended September 30, 2007 and 2006 using the Black-Scholes model applying the estimated values presented in the table:

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Options Granted	28,000	33,000
Estimated Fair Value (In Millions)	$ 0.6	$ 0.8
Estimate of Stock Volatility	0.33	0.38
Estimated Dividend Yield	—%	—%
Risk Free Interest Rate	5.00%	5.00%
Expected Life Based on Prior Experience (In Years)	5	3 to 7

Expected volatilities are based on the historical volatility of our common stock. We use historical data to estimate stock option exercise and employee termination rates within the model and aggregates groups of employees that have similar historical exercise behavior for valuation purposes. To date we have not paid dividends on our common stock. The risk free interest rate is computed from the United States Treasury Strips rate using the term over which it is anticipated the grant will be exercised. Stock options granted in the first nine months of 2007 increased stock compensation expense for the third quarter and first nine months of 2007 by $0.3 million and $0.5 million, respectively.

The following table shows the fair value of restricted stock awards granted during the three and nine month periods ended September 30, 2007 and 2006:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Shares Granted	409,932	—	415,432	—
Estimated Fair Value (In Millions)	$ 17.6	$ —	$ 17.9	$ —
Percentage of Shares Granted Expected to be Distributed	89%	—	89%	—

The restricted stock awards granted in the first nine months of 2007 increased stock compensation expense for the third quarter and first nine months of 2007 by $0.7 million.

NOTE 2 - EARNINGS PER SHARE

Basic and diluted earnings per share for the three month periods indicated were computed as follows:

	Income (Numerator)	Weighted Shares (Denominator)	Per-Share Amount
	(In thousands except per share amounts)		
For the Three Months Ended September 30, 2007:			
Basic earnings per common share	$ 64,061	46,382	$ 1.38
Effect of dilutive stock options and restricted stock shares	—	249	(0.01)
Diluted earnings per common share	$ 64,061	46,631	$ 1.37
For the Three Months Ended September 30, 2006:			
Basic earnings per common share	$ 81,265	46,241	$ 1.76
Effect of dilutive stock options and restricted stock shares	—	203	(0.01)
Diluted earnings per common share	$ 81,265	46,444	$ 1.75

The following stock options and their average exercise prices were not included in the computation of diluted earnings per share for the three months ended September 30, 2007 and 2006 because the option exercise prices were greater than the average market price of our common stock:

	2007	2006
Options	61,000	33,000
Average Exercise Price	$ 59.67	$ 61.40

Basic and diluted earnings per share for the nine month periods indicated were computed as follows:

	Income (Numerator)	Weighted Shares (Denominator)	Per-Share Amount
	(In thousands except per share amounts)		
For the Nine Months Ended September 30, 2007:			
Basic earnings per common share	$ 194,109	46,361	$ 4.19
Effect of dilutive stock options and restricted stock shares	—	259	(0.03)
Diluted earnings per common share	$ 194,109	46,620	$ 4.16
For the Nine Months Ended September 30, 2006:			
Basic earnings per common share	$ 230,995	46,223	$ 5.00
Effect of dilutive stock options and restricted stock shares	—	206	(0.02)
Diluted earnings per common share	$ 230,995	46,429	$ 4.98

The following stock options and their average exercise prices were not included in the computation of diluted earnings per share for the nine months ended September 30, 2007 and 2006 because the option exercise prices were greater than the average market price of our common stock:

	2007	2006
Options	61,000	29,500
Average Exercise Price	$ 59.67	$ 62.29

NOTE 3 – ACQUISITION

On June 5, 2007, our subsidiary, Unit Drilling Company, closed the purchase of a privately owned drilling company operating primarily in the Texas Panhandle. The acquisition included nine drilling rigs, drill pipe and collars, a fleet of 11 trucks, an office, shop, equipment yard and personnel. The drilling rigs range from 800 horsepower to 1,000 horsepower with depth capacities rated from 10,000 to 15,000 feet. Eight of the drilling rigs acquired are operational and the remaining drilling rig is being refurbished and should be operational during the fourth quarter of 2007. Results of operations for the acquired company are included in our statement of income (beginning June 5, 2007). The total purchase price paid in this acquisition was allocated as follows (in thousands):

Drilling Rigs	$	39,326
Spare Drilling Equipment		1,613
Drill Pipe and Collars		7,784
Trucks		1,551
Other Vehicles		190
Yard and Office		846
Goodwill		5,285
Deferred Income Taxes		(18,095)
Total Consideration	$	38,500

NOTE 4 – LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES

Long-Term Debt

As of September 30, 2007 and December 31, 2006, long-term debt consisted of the following:

	September 30, 2007		December 31, 2006	
	(In thousands)			
Revolving Credit Facility, with Interest at September 30, 2007 and December 31, 2006 of 6.4%	$	153,600	$	174,300
Less Current Portion		—		—
Total Long-Term Debt	$	153,600	$	174,300

On May 24, 2007, we entered into a First Amended and Restated Senior Credit Agreement (Credit Facility) with a maximum credit amount of $400.0 million maturing on May 24, 2012. Borrowings under the Credit Facility are limited to a commitment amount elected by us. As of September 30, 2007, the commitment amount was $275.0 million. We are charged a commitment fee of 0.25 to 0.375 of 1% on the amount available but not borrowed with the rate varying based on the amount borrowed as a percentage of the total borrowing base amount. We incurred origination, agency and syndication fees of $737,500 at the inception of the Credit Facility. These fees are being amortized over the life of the agreement. The average interest rate for the third quarter and first nine months of 2007 was 6.1%. At September 30, 2007 and October 29, 2007, borrowings were $153.6 million and $158.6 million, respectively.

The borrowing base under the Credit Facility is subject to redetermination on April 1 and October 1 of each year. The current borrowing base as determined by the lenders is $425.0 million. Each redetermination is based primarily on a percentage of the discounted future value of the company's oil and natural gas reserves, as determined by the lenders, and, to a lesser extent, the loan value the lenders reasonably attribute to the cash flow (as defined in the Credit Facility) of our mid-stream operations. The company or the lenders may request a one time special redetermination of the borrowing base by each scheduled redetermination date. In addition, we may request a redetermination following the consummation of an acquisition meeting the requirements defined in the Credit Facility. The lender's aggregate commitment is limited to the lesser of the amount of the value of the borrowing base or $400.0 million.

At Unit's election, any part of the outstanding debt may be fixed at a London Interbank Offered Rate (LIBOR) for a 30, 60, 90 or 180 day term. During any LIBOR funding period the outstanding principal balance of the note to which LIBOR options apply may be repaid on three days prior notice to the administrative agent and subject to the payment of any applicable funding indemnification amounts. Interest on the LIBOR is computed at the LIBOR base applicable for the interest period plus 1.00% to 1.75% depending on the level of debt as a percentage of the borrowing base and payable at the end of each term, or every 90 days, whichever is less. Borrowings not under LIBOR bear interest at the BOK Financial Corporation (BOKF) National Prime Rate payable at the end of each month and the principal borrowed may be paid anytime in part or in whole without premium or penalty. At September 30, 2007, all of the $153.6 million of the company's borrowings was subject to LIBOR.

The Credit Facility includes prohibitions against:

- the payment of dividends (other than stock dividends) during any fiscal year in excess of 25% of the company's consolidated net income for the preceding fiscal year;
- the incurrence of additional debt with certain limited exceptions; and
- the creation or existence of mortgages or liens, other than those in the ordinary course of business, on any of the company's property, except in favor of the company's lenders.

The Credit Facility also requires that we have at the end of each quarter:

- consolidated net worth of at least $900 million;
- a current ratio (as defined in the Credit Facility) of not less than 1 to 1; and
- a leverage ratio of long-term debt to consolidated EBITDA (as defined in the Credit Facility) for the most recently ended rolling four fiscal quarters of no greater than 3.50 to 1.0.

On September 30, 2007, we were in compliance with the Credit Facility's covenants.

Other Long-Term Liabilities

Other long-term liabilities consisted of the following:

	September 30, 2007	December 31, 2006
	(In thousands)	
Plugging Liability	$ 30,762	$ 33,692
Workers' Compensation	22,646	22,157
Separation Benefit Plans	4,248	3,516
Deferred Compensation Plan	2,969	2,544
Gas Balancing Liability	1,080	1,080
Retirement Agreement	905	1,386
	62,610	64,375
Less Current Portion	10,475	8,634
Total Other Long-Term Liabilities	$ 52,135	$ 55,741

Estimated annual principle payments under the terms of long-term debt and other long-term liabilities for the twelve month periods beginning October 1, 2007 through 2012 are $10.5 million, $4.5 million, $2.0 million, $2.0 million and $155.7 million, respectively. Based on the borrowing rates currently available to the company for debt with similar terms and maturities, long-term debt at September 30, 2007 approximates its fair value.

NOTE 5 – ASSET RETIREMENT OBLIGATIONS

Under Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" (FAS 143) we are required to record the fair value of liabilities associated with the retirement of long-lived assets. We own oil and natural gas properties which require cash to plug and abandon the wells when the oil and natural gas reserves in the wells are depleted or the wells are no longer able to produce. These expenditures under FAS 143 are recorded in the period in which the liability is incurred (at the time the wells are drilled or acquired). We do not have any assets restricted for the purpose of settling these plugging liabilities.

The following table shows the activity for the nine months ended September 30, 2007 and 2006 relating to our retirement obligation for plugging liability:

	Nine Months Ended	
	2007	2006
	(In Thousands)	
Plugging Liability, January 1:	$ 33,692	$ 22,015
Accretion of Discount	1,326	1,091
Liability Incurred	1,274	2,835
Liability Settled	(1,382)	(156)
Revision of Estimates	(4,148)	6,061
Plugging Liability, September 30	30,762	31,846
Less Current Portion	1,678	643
Total Long-Term Plugging Liability	$ 29,084	$ 31,203

NOTE 6 - NEW ACCOUNTING PRONOUNCEMENTS

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FAS No. 109, "Accounting for Income Taxes" and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a return. Guidance is also provided on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. We adopted the provisions of FIN 48 effective January 1, 2007. We have no unrecognized tax benefits and the adoption of FIN 48 had no effect on our results of operations or financial condition and we do not expect any significant changes in unrecognized tax benefits in the next twelve months. In the third quarter of 2007, the Internal Revenue Service completed their review of our 2004 federal tax return and no adjustments to the return were assessed.

In September 2006, the FASB issued Statement No. 157 (FAS 157), "Fair Value Measurements". FAS 157 establishes a common definition for fair value to be applied to GAAP guidance requiring use of fair value, establishes a framework for measuring fair value, and expands the disclosure about fair value measurements. FAS 157 is effective for fiscal years beginning after November 15, 2007. We are assessing the impact of FAS 157 on our statement of income, financial condition and cash flows.

In February 2007, the FASB issued Statement No. 159 (FAS 159), "The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115", which permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. This statement is expected to expand the use of fair value measurement. FAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, and is applicable beginning in the first quarter of 2008. We are assessing the impact of FAS 159 on our statement of income, financial condition and cash flows.

NOTE 7 – GOODWILL

Goodwill represents the excess of the cost of acquisitions over the fair value of the net assets acquired. We incurred goodwill of $5.3 million as a result of the acquisition which closed on June 5, 2007. An annual impairment test is performed in the fourth quarter to determine whether the fair value has decreased and additionally when events indicate an impairment may have occurred. Goodwill is all related to our drilling segment.

NOTE 8 – HEDGING ACTIVITY

We periodically enter into derivative commodity instruments to hedge our exposure to the fluctuations in the prices we receive for our oil and natural gas production and mid-stream activities. These instruments include regulated natural gas and crude oil futures contracts traded on the NYMEX and over-the-counter swaps and basic hedges with major energy derivative product specialists.

In June 2007, we entered into natural gas liquids sales swaps and natural gas purchase swaps to lock in a percentage of our mid-stream segment's fractionation spread for natural gas processed. The fractionation spread is the difference in the value received for liquids recovered from natural gas in comparison to the amount received for the equivalent Million British thermal units (MMBtu's) of natural gas if unprocessed. These swaps pertain to approximately 65% of our mid-stream segments total liquid sales. The following table provides additional information pertaining to the swap contracts for the time periods covering July through November of 2007:

Commodity	Quantity	Price	Underlying Commodity Price
Ethane	623,868 gal./month	$ 0.6225	OPIS Ethane Conway
Propane	396,690 gal./month	$ 1.1475	OPIS Propane Conway
Propane	396,690 gal./month	$ 1.15	OPIS Propane Conway
Iso Butane	61,782 gal./month	$ 1.2625	OPIS Iso Butane Conway
Iso Butane	61,782 gal./month	$ 1.2975	OPIS Iso Butane Conway
Normal Butane	163,632 gal./month	$ 1.2975	OPIS Normal Butane Conway
Normal Butane	163,632 gal./month	$ 1.27	OPIS Normal Butane Conway
Natural Gasoline	411,012 gal./month	$ 1.7375	OPIS Nat. Gas Conway In-Well
Natural Gas	107,710 MMBtu/month	$ 7.00	IF PEPL Natural Gas
Natural Gas	107,710 MMBtu/month	$ 7.04	IF PEPL Natural Gas

All of these swaps are cash flow hedges and there is no material amount of ineffectiveness. The fair value of the swap contracts was recognized on the September 30, 2007 balance sheet as a derivative liability of $1.6 million and a loss of $1.0 million, net of tax, in accumulated other comprehensive income for the nine months ended September 30, 2007.

In January and February 2007, we entered into the following two natural gas collar contracts:

First Contract:

Production volume covered	10,000 MMBtu/day
Period covered	March through December of 2007
Prices	Floor of $6.00 and a ceiling of $10.00
Underlying commodity price	Centerpoint Energy Gas Transmission Co., East – Inside FERC

Second Contract:

Production volume covered	10,000 MMBtu/day
Period covered	March through December of 2007
Prices	Floor of $6.25 and a ceiling of $9.25
Underlying commodity price	Centerpoint Energy Gas Transmission Co., East – Inside FERC

In December 2006, we also entered into the following natural gas hedging transaction:

Contract:

Production volume covered	10,000 MMBtu/day
Period covered	January through December of 2007
Prices	Floor of $6.00 and a ceiling of $9.60
Underlying commodity price	Centerpoint Energy Gas Transmission Co., East – Inside FERC

All of these hedges are cash flow hedges and there is no material amount of ineffectiveness. The fair value of the collar contracts was recognized on the September 30, 2007 balance sheet as a derivative asset of $1.1 million and at a gain of $0.7 million, net of tax, in accumulated other comprehensive income for the nine months ended September 30, 2007.

In February 2005, we entered into an interest rate swap to help manage exposure to possible future interest rate increases under our Credit Facility. The contract swaps $50.0 million of variable rate debt to fixed rate debt and covers the period from March 1, 2005 through January 30, 2008. The fixed rate is based on three-month LIBOR and is at 3.99%. The swap is a cash flow hedge. As a result of this interest rate swap, in the third quarter and first nine months of 2007, our interest expense was decreased by $0.2 million and $0.5 million, respectively. Our interest expense was decreased by $0.2 million in the third quarter of 2006 and $0.4 million for the nine months ended September 30, 2006. The fair value of the swap was recognized on the September 30, 2007 balance sheet as current and non-current derivative assets totaling $0.3 million and a gain of $0.2 million, net of tax, in accumulated other comprehensive income for the nine months ended September 30, 2007.

NOTE 9 - INDUSTRY SEGMENT INFORMATION

We have three main business segments:

- Contract Drilling,
- Oil and Natural Gas and
- Mid-Stream

These three segments represent our three main business units offering different products and services. The Contract Drilling segment is engaged in the land contract drilling of oil and natural gas wells, the Oil and Natural Gas segment is engaged in the development, acquisition and production of oil and natural gas properties and the Mid-Stream segment is engaged in the buying, selling, gathering, processing and treating of natural gas.

We evaluate the performance of these operating segments based on operating income, which is defined as operating revenues less operating expenses and depreciation, depletion and amortization. Our natural gas production in Canada is not significant. Information regarding our segment operations for the three and nine months ended September 30, 2007 and 2006 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	**2006**	**2007**	**2006**
		(In thousands)		
Revenues:				
Contract drilling	$ 169,780	$ 196,953	$ 503,580	$ 550,428
Elimination of inter-segment revenue	12,011	14,492	31,177	30,629
Contract drilling net of inter-segment revenue	157,769	182,461	472,403	519,799
Oil and natural gas	95,231	91,238	277,680	267,518
Gas gathering and processing	40,042	29,045	112,908	83,303
Elimination of inter-segment revenue	7,258	3,407	13,587	10,463
Gas gathering and processing net of inter-segment revenue	32,784	25,638	99,321	72,840
Other (1)	551	557	842	2,894
Total revenues	$ 286,335	$ 299,894	$ 850,246	$ 863,051
Operating Income (2):				
Contract drilling	$ 65,025	$ 90,463	$ 202,244	$ 243,689
Oil and natural gas	39,833	42,121	115,612	131,884
Gas gathering and processing	1,651	1,785	4,398	5,087
Total operating income	106,509	134,369	322,254	380,660
General and administrative expense	(5,355)	(4,630)	(15,784)	(12,998)
Interest expense	(1,797)	(1,228)	(5,167)	(3,235)
Other income - net	551	557	842	2,894
Income before income taxes	$ 99,908	$ 129,068	$ 302,145	$ 367,321

(1) Includes a $1.0 million gain recognized in the first quarter of 2006 from insurance proceeds on the loss of a drilling rig from a blow out and fire in January 2006.

(2) Operating income is total operating revenues less operating expenses, depreciation, depletion and amortization and does not include non-operating revenues, general corporate expenses, interest expense or income taxes.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Unit Corporation

We have reviewed the accompanying condensed consolidated balance sheet of Unit Corporation and its subsidiaries as of September 30, 2007, and the related condensed consolidated statements of income and comprehensive income for each of the three-month and nine-month periods ended September 30, 2007 and 2006 and the condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2007 and 2006. These interim financial statements are the responsibility of the company's management.

We conducted our review in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2006, and the related consolidated statements of income, shareholders' equity and of cash flows for the year then ended (not presented herein), and in our report dated March 1, 2007 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2006, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers LLP

Tulsa, Oklahoma
November 1, 2007

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis (MD&A) provides an understanding of operating results and financial condition by focusing on changes in key measures from year to year. MD&A is organized in the following sections:

- Financial Condition
- Results of Operations
- New Accounting Pronouncements

MD&A should be read in conjunction with the condensed consolidated financial statements and related notes included in this report as well as the information contained in our Annual Report on Form 10-K.

Unless otherwise indicated or required by the content, as used in this report, the terms company, Unit, us, our, we and its refer to Unit Corporation and, as appropriate, and/or one or more of its subsidiaries.

FINANCIAL CONDITION

Summary. Our financial condition and liquidity depends on the cash flow from our three principal business segments (and our subsidiaries that carry out those operations) and borrowings under our bank credit facility.

Our cash flow is influenced mainly by:

- the prices we receive for our natural gas production and, to a lesser extent, the prices we receive for our oil production;
- the quantity of natural gas and oil we produce;
- the demand for and the dayrates we receive for our drilling rigs; and
- the margins we obtain from our natural gas gathering and processing contracts.

Our three principal business segments are:

- contract drilling carried out by our subsidiaries Unit Drilling Company and its subsidiaries Unit Texas Drilling, L.L.C. and Leonard Hudson Drilling Company;
- oil and natural gas exploration, carried out by our subsidiary Unit Petroleum Company; and its subsidiaries; and
- mid stream operations (consisting of natural gas buying, selling, gathering, processing and treating) carried out by our subsidiary Superior Pipeline Company, L.L.C.

The following is a summary of certain financial information as of September 30, 2007 and 2006 and for the nine months ended September 30, 2007 and 2006:

	September 30, 2007	September 30, 2006	Percent Change
	(In thousands except percent amounts)		
Working Capital	$ 48,159	$ 96,760	(50)%
Long-Term Debt	$ 153,600	$ 145,100	6%
Shareholders' Equity	$ 1,358,611	$ 1,074,561	26%
Ratio of Long-Term Debt to Total Capitalization	10%	12%	(17)%
Net Income	$ 194,109	$ 230,995	(16)%
Net Cash Provided by Operating Activities	$ 389,379	$ 349,599	11%
Net Cash Used in Investing Activities	$ (379,546)	$ (347,508)	9%
Net Cash Used in Financing Activities	$ (9,569)	$ (2,432)	293%

The following table summarizes certain operating information for the nine months ended September 30, 2007 and 2006:

	September 30, 2007	September 30, 2006	Percent Change
Oil Production (MBbls)	1,260	1,062	19%
Natural Gas Production (MMcf)	32,507	32,350	—%
Average Oil Price Received	$ 54.90	$ 57.18	(4)%
Average Oil Price Received Excluding Hedges	$ 54.90	$ 57.18	(4)%
Average Natural Gas Price Received	$ 6.30	$ 6.28	—%
Average Natural Gas Price Received Excluding Hedges	$ 6.24	$ 6.28	(1)%
Average Number of Our Drilling Rigs in Use During the Period	98.4	109.8	(10)%
Total Number of Drilling Rigs Available at the End of the Period	128	116	10%
Average Dayrate	$ 18,858	$ 18,442	2%
Gas Gathered—MMBtu/day	221,943	245,435	(10)%
Gas Processed—MMBtu/day	47,432	27,226	74%
Gas Liquids Sold—Gallons/day	115,781	57,840	100%
Number of Active Natural Gas Gathering Systems	36	37	(3)%
Number of Active Processing Systems	7	7	—%

At September 30, 2007, we had unrestricted cash totaling $0.9 million and we had borrowed $153.6 million of the $275.0 million we have elected to have available under our Credit Facility.

Our Bank Credit Facility. On May 24, 2007, we entered into a First Amended and Restated Senior Credit Agreement (Credit Facility) which amended and restated the credit facility entered into between us and our lenders on January 30, 2004. The Credit Facility is a revolving credit facility maturing on May 24, 2012 and has a maximum credit amount of $400.0 million. Borrowings under the Credit Facility are limited to a commitment amount elected by us. On May 24, 2007, we elected to have an initial aggregate commitment amount of $275.0 million. We are charged a commitment fee of 0.25 to 0.375 of 1% on the amount available but not borrowed with the rate varying based on the amount borrowed as a percentage of our total borrowing base amount. We incurred origination, agency and syndication fees of $737,500 at the inception of the Credit Facility. These fees are being amortized over the life of the agreement. The average interest rate for the first nine months of 2007 was 6.1%. At September 30, 2007 and October 29, 2007, our borrowings were $153.6 million and $158.6 million, respectively.

The borrowing base under the Credit Facility is subject to re-determination on April 1 and October 1 of each year. The current borrowing base as determined by the lenders is $425.0 million. Each redetermination is based primarily on a percentage of the discounted future value of our oil and natural gas reserves, as determined by the lenders, and, to a lesser extent, the loan value the lenders reasonably attribute to the cash flow (as defined in the Credit Facility) of our mid-stream operations. The company or the lenders may request a one time special redetermination of the borrowing base by each scheduled redetermination date. In addition, we may request a redetermination following the consummation of an acquisition meeting the requirements defined in the Credit Facility. The lender's aggregate commitment is limited to the lesser of the amount of the value of the borrowing base or $400.0 million.

At Unit's election, any part of the outstanding debt may be fixed at LIBOR for a 30, 60, 90 or 180 day term. During any LIBOR funding period the outstanding principal balance of the note to which such LIBOR option applies may be repaid on three days prior notice to the administrative agent and subject to the payment of any applicable funding indemnification amounts. Interest on the LIBOR is computed at the LIBOR Base applicable for the interest period plus 1.00% to 1.75% depending on the level of debt as a percentage of the borrowing base and payable at the end of each term, or every 90 days, whichever is less. Borrowings not under the LIBOR bear interest at the BOKF National Prime Rate payable at the end of each month and the principal borrowed may be paid anytime in part or in whole without premium or penalty. At September 30, 2007, all of the $153.6 million we had borrowed was subject to LIBOR.

The Credit Facility includes prohibitions against:

- the payment of dividends (other than stock dividends) during any fiscal year in excess of 25% of our consolidated net income for the preceding fiscal year,
- the incurrence of additional debt with certain limited exceptions, and
- the creation or existence of mortgages or liens, other than those in the ordinary course of business, on any of our property, except in favor of our lenders.

The Credit Facility also requires that we have at the end of each quarter:

- consolidated net worth of at least $900 million,
- a current ratio (as defined in the Credit Facility) of not less than 1 to 1, and
- a leverage ratio of long-term debt to consolidated EBITDA (as defined in the Credit Facility) for the most recently ended rolling four fiscal quarters of no greater than 3.50 to 1.0.

On September 30, 2007, we were in compliance with the Credit Facility's covenants.

In February 2005, we entered into an interest rate swap to help manage our exposure to possible future interest rate increases. The contract swaps $50.0 million of variable rate debt to fixed and covers the period from March 1, 2005 through January 30, 2008. The fixed rate is 3.99%. The swap is a cash flow hedge. As a result of this interest rate swap, our interest expense was decreased by $0.5 million in the first nine months of 2007. The fair value of the swap was recognized on the September 30, 2007 balance sheet as current derivative assets totaling $0.3 million and a gain of $0.2 million, net of tax, in accumulated other comprehensive income.

In October 2007, we entered into an interest rate swap to help manage our exposure to possible future interest rate increases. The contract swaps $15.0 million of variable rate debt to fixed rate debt and covers the period from December 1, 2007 through May 31, 2012. The fixed rate is based on three-month LIBOR and is at 4.53%.

Contractual Commitments. At September 30, 2007 we had the following contractual obligations:

Contractual Obligations	Payments Due by Period: Total	Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years
			(In thousands)		
Bank Debt (1)	$ 198,702	$ 9,395	$ 19,584	$ 169,723	$ —
Retirement Agreements (2)	905	727	178	—	—
Operating Leases (3)	3,904	1,504	2,091	309	—
Drill Pipe, Drilling Rigs and Equipment Purchases (4)	13,337	13,337	—	—	—
Total Contractual Obligations	$ 216,848	$ 24,963	$ 21,853	$ 170,032	$ —

(1) See the previous discussion in Management Discussion and Analysis regarding our bank credit facility. This obligation is presented in accordance with the terms of the credit facility and includes interest calculated at the September 30, 2007 interest rate of 5.6% including the effect of the interest rate swap related to $50.0 million of the outstanding debt.

(2) In the second quarter of 2001, we recorded $1.3 million in additional employee benefit expense for the present value of a separation agreement made in connection with the retirement of King Kirchner from his position as Chief Executive Officer. The liability associated with this expense, including accrued interest, is paid in monthly installments of $25,000 which started in July 2003 and will continue through June 2009. In the first quarter of 2004, we acquired a liability for the present value of a separation agreement between PetroCorp Incorporated and one of its previous officers. The liability associated with this agreement is paid in quarterly installments of $12,500 through December 31, 2007. In the first quarter of 2005, we recorded $0.7 million in additional employee benefit expense for the present value of a separation agreement made in connection with the retirement of John Nikkel from his position as Chief Executive Officer. The liability associated with this expense, including accrued interest, is paid in monthly installments of $31,250 which started in November 2006 and will continue through October 2008. These liabilities as presented above are undiscounted.

(3) We lease office space in Tulsa and Woodward, Oklahoma; Houston and Midland, Texas; and Denver, Colorado under the terms of operating leases expiring through January 31, 2012. Additionally, we have several equipment leases and lease space on short-term commitments to stack excess drilling rig equipment and production inventory.

(4) Due to the potential for limited availability of new drill pipe within the industry, we have committed to purchase approximately $9.3 million of drill pipe and drill collars. We have also committed to purchase $3.1 million of drilling rig components with 20% or $0.6 million paid through September 30, 2007. We have committed to purchase approximately 75 vehicles within the next 9 months for approximately $1.5 million.

At September 30, 2007, we also had the following commitments and contingencies that could create, increase or accelerate our liabilities:

Other Commitments	Total Amount Committed Or Accrued	Amount of Commitment Expiration Per Period			
		Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years
		(In thousands)			
Deferred Compensation Agreement (1)	$ 2,969	Unknown	Unknown	Unknown	Unknown
Separation Benefit Agreement (2)	$ 4,248	Unknown	Unknown	Unknown	Unknown
Plugging Liability (3)	$ 30,762	$ 1,678	$ 1,851	$ 2,638	$ 24,595
Gas Balancing Liability (4)	$ 1,080	Unknown	Unknown	Unknown	Unknown
Repurchase Obligations (5)	Unknown	Unknown	Unknown	Unknown	Unknown
Workers' Compensation Liability (6)	$ 22,646	$ 8,070	$ 4,467	$ 1,480	$ 8,629

(1) We provide a salary deferral plan which allows participants to defer the recognition of salary for income tax purposes until actual distribution of benefits, which occurs at either termination of employment, death or certain defined unforeseeable emergency hardships. We recognize payroll expense and record a liability, included in other long-term liabilities in our condensed consolidated balance sheet, at the time of deferral.

(2) Effective January 1, 1997, we adopted a separation benefit plan ("Separation Plan"). The Separation Plan allows eligible employees whose employment with us is involuntarily terminated or, in the case of an employee who has completed 20 years of service, voluntarily or involuntarily terminated, to receive benefits equivalent to 4 weeks salary for every whole year of service completed with the company up to a maximum of 104 weeks. To receive payments the recipient must waive any claims against us in exchange for receiving the separation benefits. On October 28, 1997, we adopted a Separation Benefit Plan for Senior Management ("Senior Plan"). The Senior Plan provides certain officers and key executives of the company with benefits generally equivalent to the Separation Plan. The Compensation Committee of the Board of Directors has absolute discretion in the selection of the individuals covered in this plan. On May 5, 2004 we also adopted the Special Separation Benefit Plan ("Special Plan"). This plan is identical to the Separation Benefit Plan with the exception that the benefits under the plan vest on the earliest of a participant's reaching the age of 65 or serving 20 years with the company. At September 30, 2007, there were 31 eligible employees to participate in the plan.

(3) When a well is drilled or acquired, under Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" (FAS 143), we have recorded the fair value of liabilities associated with the retirement of long-lived assets (mainly plugging and abandonment costs for our depleted wells).

(4) We have recorded a liability for certain properties where we believe there are insufficient oil and natural gas reserves available to allow the under-produced owners to recover their under-production from future production volumes.

(5) We formed The Unit 1984 Oil and Gas Limited Partnership and the 1986 Energy Income Limited Partnership along with private limited partnerships (the "Partnerships") with certain qualified employees, officers and directors from 1984 through 2007, with a subsidiary of ours serving as general partner. The Partnerships were formed for the purpose of conducting oil and natural gas

(5) - cont. acquisition, drilling and development operations and serving as co-general partner with us in any additional limited partnerships formed during that year. The Partnerships participated on a proportionate basis with us in most drilling operations and most producing property acquisitions commenced by us for our own account during the period from the formation of the Partnership through December 31 of that year. These partnership agreements require, on the election of a limited partner, that we repurchase the limited partner's interest at amounts to be determined by appraisal in the future. Such repurchases in any one year are limited to 20% of the units outstanding. We made repurchases of $7,000, $4,000 and $14,000 in 2006, 2005 and 2004, respectively and have not had any repurchases in 2007.

(6) We have recorded a liability for future estimated payments related to workers' compensation claims primarily associated with our contract drilling segment.

Hedging. Periodically we hedge the prices we will receive for a portion of our future natural gas and oil production and mid-stream activities. We do so in an attempt to reduce the impact and uncertainty that price variations have on our cash flow.

In June 2007, we entered into the following natural gas liquids sales swaps and natural gas purchase swaps to lock in a percentage of our mid-stream segment's fractionation spread for natural gas processed. The fractionation spread is the difference in the value received for liquids recovered from natural gas in comparison to the amount received for the equivalent MMBtu's of natural gas if unprocessed. These swaps pertain to approximately 65% of our mid-stream segments total liquid sales. The following table provides additional information pertaining to the swap contracts for the time periods covering July through November of 2007:

Commodity	Quantity	Price	Underlying Commodity Price
Ethane	623,868 gal./month	$ 0.6225	OPIS Ethane Conway
Propane	396,690 gal./month	$ 1.1475	OPIS Propane Conway
Propane	396,690 gal./month	$ 1.15	OPIS Propane Conway
Iso Butane	61,782 gal./month	$ 1.2625	OPIS Iso Butane Conway
Iso Butane	61,782 gal./month	$ 1.2975	OPIS Iso Butane Conway
Normal Butane	163,632 gal./month	$ 1.2975	OPIS Normal Butane Conway
Normal Butane	163,632 gal./month	$ 1.27	OPIS Normal Butane Conway
Natural Gasoline	411,012 gal./month	$ 1.7375	OPIS Nat. Gas Conway In-Well
Natural Gas	107,710 MMBtu/month	$ 7.00	IF PEPL Natural Gas
Natural Gas	107,710 MMBtu/month	$ 7.04	IF PEPL Natural Gas

All of these swaps are cash flow hedges and there is no material amount of ineffectiveness. The fair value of the swap contracts was recognized on the September 30, 2007 balance sheet as a derivative liability of $1.6 million and a loss of $1.0 million, net of tax, in accumulated other comprehensive income for the nine months ended September 30, 2007.

In January and February 2007, we entered into the following two natural gas collar contracts:

First Contract:

Production volume covered	10,000 MMBtu/day
Period covered	March through December of 2007
Prices	Floor of $6.00 and a ceiling of $10.00
Underlying commodity price	Centerpoint Energy Gas Transmission Co., East – Inside FERC

Second Contract:

Production volume covered	10,000 MMBtu/day
Period covered	March through December of 2007
Prices	Floor of $6.25 and a ceiling of $9.25
Underlying commodity price	Centerpoint Energy Gas Transmission Co., East – Inside FERC

In December 2006, we entered into the following natural gas collar contract:

Contract:	
Production volume covered	10,000 MMBtu/day
Period covered	January through December of 2007
Prices	Floor of $6.00 and a ceiling of $9.60
Underlying commodity price	Centerpoint Energy Gas Transmission Co., East – Inside FERC

All of these hedges are cash flow hedges and there is no material amount of ineffectiveness. The fair value of the collar contracts was recognized on the September 30, 2007 balance sheet as a derivative asset of $1.1 million and at a gain of $0.7 million, net of tax, in accumulated other comprehensive income for the nine months ended September 30, 2007.

In February 2005, we entered into an interest rate swap to help manage our exposure to possible future interest rate increases. The contract swaps $50.0 million of variable rate debt to fixed rate debt and covers the period from March 1, 2005 through January 30, 2008. The fixed rate is based on three-month LIBOR and is at 3.99%. The swap is a cash flow hedge. As a result of this interest rate swap, in the third quarter and first nine months of 2007, our interest expense was decreased by $0.2 million and $0.5 million, respectively. Our interest expense was decreased by $0.2 million in the third quarter of 2006 and $0.4 million for the nine months ended September 30, 2006. The fair value of the swap was recognized on the September 30, 2007 balance sheet as current and non-current derivative assets totaling $0.3 million and a gain of $0.2 million, net of tax, in accumulated other comprehensive income for the nine months ended September 30, 2007.

In October 2007, we entered into an interest rate swap to help manage our exposure to possible future interest rate increases. The contract swaps $15.0 million of variable rate debt to fixed rate debt and covers the period from December 1, 2007 through May 31, 2012. The fixed rate is based on three-month LIBOR and is at 4.53%.

Stock and Incentive Compensation. As an incentive to retain certain non-executive officer employees, during the third quarter of 2007, we granted 402,197 shares of restricted stock with a three year cliff vesting period under our Unit Corporation Stock and Incentive Compensation Plan. The restricted stock awards had an estimated fair value as of the grant date of $17.2 million. Compensation expense will be recognized over the three year vesting period, and during the third quarter of 2007 we recognized $0.7 million of compensation expense.

Self-Insurance or Retentions. We are self-insured for certain losses relating to workers' compensation, general liability, property damage, control of well and employee medical benefits. In addition, our insurance policies contain deductibles or retentions per occurrence that range from $0.25 million for Oklahoma workers' compensation to $1.0 million for general liability and drilling rig physical damage. We have purchased stop-loss coverage in order to limit, to the extent feasible, our per occurrence and aggregate exposure to certain types of claims. However, there is no assurance that the insurance coverage we have will adequately protect us against liability from all potential consequences. If our insurance coverage becomes more expensive, we may choose to decrease our limits and increase our deductibles rather than pay higher premiums. With respect to our drilling operations conducted by Unit Texas Drilling LLC in Texas, we have elected to use an ERISA governed occupational injury benefit plan to cover that company's field and support staff in lieu of covering them under an insured Texas workers' compensation plan.

***Impact of Prices for Our Oil and Natural Gas*.** Natural gas comprises 85% of our total oil and natural gas reserves. Any significant change in natural gas prices has a material effect on our revenues, cash flow and the value of our oil and natural gas reserves. Generally, prices and demand for domestic natural gas are influenced by weather conditions, supply imbalances and by world wide oil price levels. Domestic oil prices are primarily influenced by world oil market developments. All of these factors are beyond our control and we can not predict nor measure their future influence on the prices we will receive.

Based on our first nine months of 2007 production, a $0.10 per thousand cubic feet of natural gas (Mcf) change in what we are paid for our natural gas production would result in a corresponding $338,000 per month ($4.1 million annualized) change in our pre-tax operating cash flow. Our first nine months of 2007 average natural gas price was $6.30 compared to an average natural gas price of $6.28 for the first nine months of 2006. A $1.00 per barrel change in our oil price would have a 131,000 per month ($1.6 million annualized) change in our pre-tax operating cash flow based on our production in the first nine months of 2007. Our first nine month 2007 average oil price was $54.90 compared with an average oil price of $57.18 received in the first nine months of 2006.

Because oil and natural gas prices have such a significant affect on the value of our oil and natural gas reserves, declines in these prices can result in a decline in the carrying value of our oil and natural gas properties. Price declines can also adversely effect the semi-annual determination of the amount available for us to borrow under our bank credit facility since that determination is based mainly on the value of our oil and natural gas reserves. Such a reduction could limit our ability to carry out our planned capital projects.

Most of our natural gas production is sold to third parties under month-to-month contracts.

Oil and Natural Gas Acquisitions and Capital Expenditures. Most of our capital expenditures are discretionary and directed toward future growth. Our decision to increase our oil and natural gas reserves through acquisitions or through drilling depends on the prevailing or expected market conditions, potential return on investment, future drilling potential and opportunities to obtain financing under the circumstances involved, all of which provide us with a large degree of flexibility in deciding when and if to incur these costs. We completed drilling 172 wells (60.24 net wells) in the first nine months of 2007 compared to 178 wells (62.27 net wells) in the first nine months of 2006. Our total capital expenditures for oil and natural gas exploration in the first nine months of 2007 totaled $213.1 million. We currently anticipate we will drill approximately 270 gross wells in 2007. We have estimated our total 2007 capital expenditures for oil and natural gas exploration to be approximately $326.0 million. Whether we are able to drill the number of wells we anticipate drilling in 2007 is dependent on a number of factors, many of which are beyond our control and include the availability of drilling rigs, the weather and the efforts of our outside industry partners.

On May 16, 2006, we closed the acquisition of certain oil and natural gas properties from a group of private entities for approximately $32.4 million in cash. Proved oil and natural gas reserves involved in this acquisition consisted of approximately 14.2 Bcfe. The effective date of this acquisition was April 1, 2006 and results from this acquisition were included in the statement of income beginning May 1, 2006.

On October 13, 2006, we completed the acquisition of Brighton Energy, L.L.C., a privately owned oil and natural gas company for approximately $67.0 million in cash. Included in this acquisition were all of Brighton's oil and natural gas assets (excluding Atoka and Coal counties in Oklahoma) and included approximately 23.1 Bcfe of proved reserves. The majority of the acquired reserves are located in the Anadarko Basin of Oklahoma and the onshore Gulf Coast basins of Texas and Louisiana, with additional reserves in Arkansas, Kansas, Montana, North Dakota and Wyoming. This acquisition had an effective date of August 1, 2006 and results of operations from this acquisition are included in the statement of income beginning October 1, 2006 with the results for the period from August 1, 2006 through September 30, 2006 included as an adjustment to the purchase price.

Contract Drilling. Our drilling work is subject to many factors that influence the number of drilling rigs we have working as well as the costs and revenues associated with that work. These factors include the demand for drilling rigs, competition from other drilling contractors, the prevailing prices for natural gas and oil, availability and cost of labor to run our rigs and our ability to supply the equipment needed.

Although rig utilization declined in the fourth quarter of 2006 and continued to slowly decline in the first nine months of 2007, we do not anticipate declines in labor cost per hour due to the competition within the industry to keep qualified employees and attract individuals with the skills required to meet the future technological requirements of the drilling industry. To help keep qualified labor, we previously implemented longevity pay incentives and in the second quarter of 2006 provided pay increases in some of our operating districts. To date, these efforts have allowed us to meet our labor requirements. However, if current demand for drilling rigs strengthens above the first nine month levels of 81%, shortages of experienced personnel may limit our ability to operate our drilling rigs.

We currently do not have any shortages of drill pipe and drilling equipment. Because of the potential for shortages in the availability of new drill pipe, at September 30, 2007 we have commitments to purchase approximately $9.3 million of drill pipe and drill collars in 2007 and we have also committed to purchase $3.1 million of additional rig components with 20% or $0.6 million paid through September 30, 2007.

One of the drilling rigs acquired in the second quarter of 2007 drilling acquisition is being refurbished and should begin drilling operations in the fourth quarter of 2007 and one additional rig is scheduled to be placed in service in the fourth quarter of 2007.

Most of our contract drilling fleet is targeted to the drilling of natural gas wells so changes in natural gas prices have a disproportionate influence on the demand for our drilling rigs as well as the prices we can charge for our contract drilling services. In September 2007, our average dayrate for the 128 drilling rigs that we owned was $18,407 with a 77% utilization rate. In the first nine months of 2007 our average dayrate was $18,858 per day compared to $18,442 in the first nine months of 2006. The average number of drilling rigs used was 98.4 (81%) in the first nine months of 2007 compared to 109.8 (97%) in the first nine months of 2006. Based on the average utilization of our drilling rigs during the first nine months of 2007, a $100 per day change in dayrates has a $9,840 per day ($3.6 million annualized) change in our pre-tax operating cash flow. Industry demand for our drilling rigs remained strong throughout the first nine months of 2006 before declining in the fourth quarter of 2006 and into the first nine months of 2007. The reduction in demand for drilling rigs was primarily the result of the evaluation of the economics of drilling prospects by the operators using our contract drilling services after natural gas prices declined significantly in the last half of the third quarter of 2006 combined with high levels of natural gas storage throughout the majority of the winter season and again this summer. We expect that utilization and dayrates for our drilling rigs will continue to depend mainly on the price of natural gas, the levels of natural gas storage and the availability of drilling rigs to meet the demands of the industry.

Our contract drilling subsidiaries provide drilling services for our exploration and production subsidiary. The contracts for these services are issued under the same conditions and rates as the contracts we have entered into with unrelated third parties for comparable type projects. During the first nine months of 2007 and 2006, we drilled 52 and 50 wells, respectively for our exploration and production subsidiary. The profit received by our contract drilling segment of $15.7 million and $16.6 million during the first nine months of 2007 and 2006, respectively, reduced the carrying value of our oil and natural gas properties rather than being included in our profits in current operations.

Drilling Acquisitions and Capital Expenditures. In January 2006, we acquired a 1,000 horsepower drilling rig for approximately $3.9 million. This drilling rig has been modified at one of our drilling yards for an additional $1.7 million and became operational in April 2006. In May 2006, we began moving a 1,500 horsepower drilling rig to our Rocky Mountain Division following completion of its construction in the first quarter of 2006 for approximately $10.2 million. In the second quarter of 2006, we also completed the purchase of two new 1,500 horsepower drilling rigs for a total of $15.2 million of which $4.6 million was paid before the second quarter of 2006 and the balance of $10.6 million was paid at delivery of the rigs. An additional $3.0 million of modifications were made to the rigs before the rigs were placed into service. The first drilling rig was placed into service in May 2006 and the second drilling rig was placed into service in June 2006. At the end of August 2006 we completed the construction of another 1,500 horsepower rig for approximately $9.5 million which was moved into our Rocky Mountain Division. In the last half of 2006 we completed construction of a 750 horsepower rig for approximately $4.5 million.

During 2006 we purchased major components to construct two 1,500 horsepower drilling rigs. The first rig was moved to the Rocky Mountain division at the end of March 2007 and the second rig was placed in service in the second quarter of 2007 for a combined capitalized cost of $18.9 million. On June 5, 2007, we completed the acquisition of a privately owned drilling company operating primarily in the Texas Panhandle. The acquired drilling company owns nine drilling rigs, a fleet of 11 trucks, and an office, shop and equipment yard. The drilling rigs range from 800 horsepower to 1,000 horsepower with depth capacities rated from 10,000 to 15,000 feet. Seven of the nine drilling rigs were operating under contract at the acquisition date. Results of operations for the acquired company have been included in our statements of income beginning June 5, 2007. Total consideration paid for this acquisition was $38.5 million.

For our contract drilling operations, during the first nine months of 2007, we recorded $179.6 million in capital expenditures including the effect of an $18.1 million deferred tax liability and $5.3 million in goodwill associated with our second quarter 2007 acquisition. For 2007, we anticipate capital expenditures to be approximately $166.0 million excluding acquisitions.

Mid-Stream Operations. Our mid-stream operations are conducted through Superior Pipeline Company, L.L.C. Superior is a mid-stream company engaged primarily in the buying and selling, gathering, processing and treating of natural gas and operates four natural gas treatment plants, seven operating processing plants, 36 active gathering systems and 651 miles of pipeline. Superior operates in Oklahoma, Texas, Louisiana and Kansas and has been in business since 1996. This subsidiary enhances our ability to gather and market not only our own natural gas but also that owned by third parties and gives us additional capacity to construct or acquire existing natural gas gathering and processing facilities. During the first nine months of 2007, Superior purchased $10.0 million of our natural gas production and natural gas liquids and provided gathering and transportation services of $3.6 million. Intercompany revenue from services and purchases of production between this business segment and our oil and natural gas exploration operations has been eliminated in our condensed consolidated financial statements. In the first nine months of 2006, we eliminated intercompany revenues of $6.4 million of natural gas production and natural gas liquids and $4.0 million of gathering and transportation services.

Mid-Stream Acquisitions and Capital Expenditures. In September 2006, we closed the acquisition of Berkshire Energy LLC., a private company for an adjusted purchase price of $21.7 million. The principal tangible assets of the acquired company consisted of a natural gas processing plant, a natural gas gathering system with 15 miles of pipeline, three field compressors and two plant compressors. This purchase had an effective date of July 31, 2006. The financial results of this acquisition have been included in our statements of income from September 1, 2006 forward with the results for the period of August 1, 2006 through August 31, 2006 included as an adjustment to the purchase price.

During the first nine months of 2007, Superior incurred $25.2 million in capital expenditures compared to $38.3 million for the same period in 2006. For 2007, we anticipate capital expenditures to be approximately $31.5 million for Superior. Our focus is on growing this segment through the construction of new facilities or acquisitions.

Oil and Natural Gas Limited Partnerships and Other Entity Relationships. We are the general partner for 12 oil and natural gas limited partnerships. Each partnership’s revenues and costs are shared under formulas prescribed in its limited partnership agreement. The partnerships repay us for contract drilling, well supervision and general and administrative expense. Related party transactions for contract drilling and well supervision fees are the related party’s share of such costs. These costs are billed on the same basis as billings to unrelated third parties for similar services. The partnerships are charged their allocable share of general and administrative expense billed through well cost allocations. During 2006, the total paid to us for all of these fees was $1.3 million and during the first nine months of 2007 and 2006 the amount paid was $1.1 million and $0.9 million, respectively. Our proportionate share of assets, liabilities and net income relating to the oil and natural gas partnerships is included in our condensed consolidated financial statements.

NEW ACCOUNTING PRONOUNCEMENTS

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FAS No. 109, "Accounting for Income Taxes" and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a return. Guidance is also provided on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. We adopted the provisions of FIN 48 effective January 1, 2007. We have no unrecognized tax benefits and the adoption of FIN 48 had no effect on our results of operations of financial condition and we do not expect any significant changes in unrecognized tax benefits in the next twelve months. In the third quarter of 2007, the Internal Revenue Service completed their review of our 2004 federal tax return and no adjustments to the return were assessed.

In September 2006, the FASB issued Statement No. 157 (FAS 157), "Fair Value Measurements". FAS 157 establishes a common definition for fair value to be applied to US GAAP guidance requiring use of fair value, establishes a framework for measuring fair value, and expands the disclosure about such fair value measurements. FAS 157 is effective for fiscal years beginning after November 15, 2007. We are currently assessing the impact of FAS 157 on our statement of income, financial condition and cash flows.

In February 2007, the FASB issued Statement No. 159 (FAS 159), "The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115", which permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. This statement is expected to expand the use of fair value measurement. FAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, and is applicable beginning in the first quarter of 2008. We are currently assessing the impact of FAS 159 on our statement of income, financial condition and cash flows.

RESULTS OF OPERATIONS

Quarter Ended September 30, 2007 versus Quarter Ended September 30, 2006

Provided below is a comparison of selected operating and financial data for the third quarter of 2007 versus the third quarter of 2006:

	Quarter Ended September 30, 2007	Quarter Ended September 30, 2006	Percent Change
Total Revenue	$ 286,335,000	$ 299,894,000	(5)%
Net Income	$ 64,061,000	$ 81,265,000	(21)%
Drilling:			
Revenue	$ 157,769,000	$ 182,461,000	(14)%
Operating costs excluding depreciation	$ 77,951,000	$ 78,595,000	(1)%
Percentage of revenue from daywork contracts	100%	100%	—%
Average number of rigs in use	100.3	110.6	(9)%
Average dayrate on daywork contracts	$ 18,470	$ 19,559	(6)%
Depreciation	$ 14,793,000	$ 13,403,000	10%
Oil and Natural Gas:			
Revenue	$ 95,231,000	$ 91,238,000	4%
Operating costs excluding depreciation, depletion and amortization	$ 23,101,000	$ 21,560,000	7%
Average natural gas price (Mcf)	$ 5.77	$ 6.02	(4)%
Average oil price (Bbl)	$ 62.01	$ 59.55	4%
Natural gas production (Mcf)	11,206,000	11,200,000	—%
Oil production (Bbl)	470,000	376,000	25%
Depreciation, depletion and amortization rate (Mcfe)	$ 2.29	$ 2.04	12%
Depreciation, depletion and amortization	$ 32,297,000	$ 27,557,000	17%
Gas Gathering and Processing:			
Revenue	$ 32,784,000	$ 25,638,000	28%
Operating costs excluding depreciation and amortization	$ 28,275,000	$ 22,216,000	27%
Depreciation and amortization	$ 2,858,000	$ 1,637,000	75%
Gas gathered – MMbtu/day	221,508	276,888	(20)%
Gas processed – MMbtu/day	55,721	35,124	59%
Gas liquids sold – Gallons/day	137,098	71,790	91%
General and Administrative Expense	$ 5,355,000	$ 4,630,000	16%
Interest Expense	$ 1,797,000	$ 1,228,000	46%
Income Tax Expense	$ 35,847,000	$ 47,803,000	(25)%
Average Interest Rate	6.08%	6.04%	1%
Average Long-Term Debt Outstanding	$ 182,385,000	$ 131,948,000	38%

Drilling

Industry demand for our drilling rigs remained strong throughout the first nine months of 2006 before declining in the fourth quarter of 2006 and into the first nine months of 2007. The reduction in demand for drilling rigs was primarily the result of the evaluation of the economics of drilling prospects by the operators using our contract drilling services after natural gas prices declined significantly in the last half of the third quarter of 2006 combined with the high levels of natural gas storage throughout the majority of the winter season and again this summer. Drilling revenues decreased $24.7 million or 14% in the third quarter of 2007 versus the third quarter of 2006. Since the second quarter of 2006, we have placed 13 additional drilling rigs into service. We have constructed four drilling rigs and in June 2007 we acquired nine drilling rigs. Nine of these additional drilling rigs provided contract drilling services in the third quarter of 2007 increasing drilling revenues by $12.7 million or 7% of total drilling revenues in the third quarter of 2006. Revenues for rigs previously owned declined $37.4 million or 21% of the revenues in the third quarter of 2006 and more than offset the increase in revenue from rigs added subsequent to the third quarter of 2006. Average rig utilization declined from 110.6 rigs in the third quarter of 2006 to 100.3 in the third quarter of 2007. The decline in rig utilization decreased drilling revenues by $17.0 million while decreases in revenue per day between the comparative third quarters decreased revenue by $7.7 million. Our average dayrate in the third quarter of 2007 was 6% lower than in the third quarter of 2006. Utilization for our drilling rigs was 78% in the third quarter 2007 and we anticipate it to remain around 80% through early 2008. With decreases in drilling rig demand, we experienced a 1% decline in the third quarter 2007 average dayrate compared to the second quarter 2007 average dayrate and we anticipate average dayrates to continue to decline through early 2008.

Drilling operating costs decreased $0.6 million or 1% between the comparative quarters. Operating cost decreased as a result of 10 fewer rigs operating between the comparative quarters. This decrease was offset by an increase in operating cost of $721 per day in the third quarter of 2007 when compared with the third quarter of 2006 which includes $190 per day from a $1.8 million recognition of bad debt expense. The majority of the increases in cost per day were attributable to the increases in indirect drilling cost, truck expense and yard expense as the cost for services supporting our rig fleet continue to increase. With continued competition for qualified labor and utilization continuing around the 80% level, we expect our drilling rig expense per day to remain steady or increase slightly over the remainder of 2007. Contract drilling depreciation increased $1.4 million or 10%. The addition of the 13 drilling rigs placed in service since the second quarter of 2006 and additional assets acquired in the 2007 second quarter rig acquisition increased depreciation with the increase partially offset by the effect of decreased utilization.

Oil and Natural Gas

Oil and natural gas revenues increased $4.0 million or 4% in the third quarter of 2007 as compared to the third quarter of 2006 due to an increase in equivalent production volumes of 4% and an increase in average oil prices. The increases were partially offset by decreased natural gas prices. Average natural gas prices between the comparative quarters decreased 4% to $5.77 per Mcf while oil prices increased 4% to $62.01 per barrel. In the third quarter of 2007, natural gas production increased by less than 1% while oil production increased 25%. Increased natural gas and oil production came primarily from our ongoing development drilling activity and from acquisitions completed in 2006. With the continuation of our internal drilling program and our previous acquisitions, we believe our total production for 2007 compared to 2006 will increase 4% to 5%. Actual increases in revenues, however, will also be driven by commodity prices received for our production.

Oil and natural gas operating costs increased $1.5 million or 7% in the third quarter of 2007 as compared to the third quarter of 2006. An increase in the average cost per equivalent Mcf produced represented 30% of the increase in production costs with the remaining 70% of the increase attributable to the increase in volumes produced from both development drilling and producing property acquisitions. Increases in general and administrative expenses directly related to oil and natural gas production along with increases in lease operating expenses caused most of the operating cost increase. These increases were partially offset by a 15% decrease in gross production taxes. Lease operating expenses per Mcfe remained constant between the comparative quarters. Gross production taxes decreased due to the decline in average natural gas prices used to compute gross production taxes which exclude the effect of our hedging activity. General and administrative expenses increased as labor costs increased primarily due to a 26% increase in the average number of employees working in the exploration and production area. Total depreciation, depletion and amortization (“DD&A”) increased $4.7 million or 17%. Higher production volumes accounted for 25% of the increase while increases in our DD&A rate represented 75% of the increase. The increase in our DD&A rate in the third quarter of 2007 compared to the third quarter of 2006 resulted primarily from an 18% increase in our finding cost in 2006. Increasing demand for drilling rigs prior to the fourth quarter of 2006 throughout our areas of exploration increased the dayrates we pay to drill wells in our developmental program. Increases in natural gas and oil prices over the last two years have also caused increased sales prices for producing property acquisitions and even with the increased sales prices, we continue to see strong competition for producing property acquisitions.

Mid-Stream

Our mid-stream segment is engaged primarily in the mid-stream buying and selling, gathering, processing and treating of natural gas. We operate four natural gas treatment plants and own seven operating processing plants, 36 active gathering systems and 651 miles of pipeline. These operations are conducted in Oklahoma, Texas, Louisiana and Kansas. Intercompany revenue from services and purchases of production between our natural gas gathering and processing segment and our oil and natural gas segments has been eliminated. Our mid-stream revenues were $7.1 million or 28% higher in the third quarter of 2007 as compared to the third quarter of 2006 due to the higher volumes of natural gas liquids sold and processed combined with higher liquids prices slightly offset by lower natural gas prices. The average price for liquids sold was 12% higher slightly offset by the average gas sold which was 2% lower. Gas processing volumes per day increased 59% between the comparative quarters and gas liquids sold per day increased 91% between the comparative quarters. A 20% decrease in gathering volumes per day partially offset the increase in revenue from natural gas sales and processing. The significant increase in volumes processed per day is primarily attributable to the acquisition of a processing plant in September of 2006 and to a lesser extent volumes from wells added to existing systems throughout 2006. Gas liquids sold volumes per day increased due to recent upgrades to several of our processing facilities. Natural gas liquids sales were reduced $0.6 million due to our natural gas liquids swaps.

Operating costs increased 27% in the third quarter of 2007 compared with the third quarter of 2006 due to a 40% increase in natural gas volumes purchased, slightly offset by a 2% decrease in prices paid for natural gas purchased, a 41% increase in field direct operating cost due to the growth in our natural gas gathering systems and the volume of natural gas processed and a 13% increase in general and administrative expenses. The total number of employees working in our mid-stream segment increased by 13%. The 75% increase in depreciation and amortization in our mid-stream segment came from the additional depreciation and amortization associated with tangible and intangible assets acquired between the comparative periods. Gas gathering volumes per day in the third quarter of 2007 were up 2% compared to the second quarter of 2007 primarily due to increased well connections. Gas processing volumes per day in the third quarter of 2007 were up 31% and gas liquids sold were up 20% compared to the second quarter of 2007. Operating costs were increased $1.1 million in the third quarter of 2007 due to our natural gas purchases hedge.

Other

General and administrative expense increased $0.7 million in the third quarter of 2007 compared to the third quarter of 2006. The increase in cost was primarily from a 16% increase in the number of employees associated with the growth of the company and the increases in employee compensation cost.

Total interest expense increased 46% between the comparative quarters. Average debt outstanding was 38% higher in the third quarter of 2007 as compared to the third quarter of 2006 primarily due to the acquisition of producing properties in the last four months of 2006 and the acquisition of a drilling company in the second quarter of 2007. Average debt outstanding accounted for approximately 98% of the interest expense increase, with the remaining 2% resulting from an increase in average interest rates on our bank debt. Interest expense was reduced $0.2 million from the settlements of our interest rate swap. Associated with our increased level of development of oil and natural gas properties, the construction of additional drilling rigs and the construction of gas gathering systems, we capitalized $1.1 million of interest in the third quarter of 2007 compared with $0.9 million in the third quarter of 2006.

Income tax expense decreased $12.0 million or 25% due primarily to the decrease in income before income taxes. Our effective tax rate for the third quarter of 2007 was 35.9% versus 37.0% in the third quarter of 2006 due primarily to the increase in manufacturing tax deduction for 2007. The portion of our taxes reflected as current income tax expense for the third quarter of 2007 was $11.2 million or 31% of total income tax expense as compared with $26.4 million or 55% of total income tax expense in the third quarter of 2006. The reduction in the percentage of tax expense recognized as current is the result of increased intangible drilling costs to be deducted in the current year. Income taxes paid in the third quarter of 2007 were $15.7 million.

Nine Months Ended September 30, 2007 versus Nine Months Ended September 30, 2006

Provided below is a comparison of selected operating and financial data for the first nine months of 2007 versus the first nine months of 2006:

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Percent Change
Total Revenue	$ 850,246,000	$ 863,051,000	(1)%
Net Income	$ 194,109,000	$ 230,995,000	(16)%
Drilling:			
Revenue	$ 472,403,000	$ 519,799,000	(9)%
Operating costs excluding depreciation	$ 228,967,000	$ 238,021,000	(4)%
Percentage of revenue from daywork contracts	100%	100%	—%
Average number of rigs in use	98.4	109.8	(10)%
Average dayrate on daywork contracts	$ 18,858	$ 18,442	2%
Depreciation	$ 41,192,000	$ 38,089,000	8%
Oil and Natural Gas:			
Revenue	$ 277,680,000	$ 267,518,000	4%
Operating costs excluding depreciation, depletion and amortization	$ 69,701,000	$ 58,854,000	18%
Average natural gas price (Mcf)	$ 6.30	$ 6.28	—%
Average oil price (Bbl)	$ 54.90	$ 57.18	(4)%
Natural gas production (Mcf)	32,507,000	32,350,000	—%
Oil production (Bbl)	1,260,000	1,062,000	19%
Depreciation, depletion and amortization rate (Mcfe)	$ 2.29	$ 1.97	16%
Depreciation, depletion and amortization	$ 92,367,000	$ 76,780,000	20%
Gas Gathering and Processing:			
Revenue	$ 99,321,000	$ 72,840,000	36%
Operating costs excluding depreciation, and amortization	$ 87,171,000	$ 63,734,000	37%
Depreciation and amortization	$ 7,752,000	$ 4,019,000	93%
Gas gathered – MMbtu/day	221,943	245,435	(10)%
Gas processed – MMbtu/day	47,432	27,226	74%
Gas liquids sold – Gallons/day	115,781	57,840	100%
General and Administrative Expense	$ 15,784,000	$ 12,998,000	21%
Interest Expense	$ 5,167,000	$ 3,235,000	60%
Income Tax Expense	$ 108,036,000	$ 136,326,000	(21)%
Average Interest Rate	6.10%	5.76%	6%
Average Long-Term Debt Outstanding	$ 175,408,000	$ 121,323,000	45%

Drilling

Industry demand for our drilling rigs remained strong throughout the first nine months of 2006 before declining in the fourth quarter of 2006 and into the first nine months of 2007. The reduction in demand for drilling rigs was primarily the result of the evaluation of the economics of drilling prospects by the operators using our contract drilling services after natural gas prices declined significantly in the last half of the third quarter of 2006 combined with the high levels of natural gas storage throughout the majority of the winter season and again this summer. Drilling revenues decreased $47.4 million or 9% in the first nine months of 2007 versus the first nine months of 2006. Since February 2006, we have placed 16 additional drilling rigs into service. We have constructed seven drilling rigs and in June 2007 we acquired nine drilling rigs. Thirteen of these additional drilling rigs provided contract drilling services in the first nine months of 2007 increasing drilling revenues by $27.7 million or 5% of revenues in the first nine months of 2006. Revenues for rigs previously owned declined $75.1 million or 14% from revenues in the first nine months of 2006 and more than offset the increase in revenue from rigs added subsequent to the second quarter of 2006. Average rig utilization declined from 109.8 rigs in the first nine months of 2006 to 98.4 in the first nine months of 2007. The decline in rig utilization decreased drilling revenues by $54.3 million while increases in dayrates between the comparative nine months periods provided additional revenue of $6.9 million partially offsetting utilization decreases. Our average dayrate in the first nine months of 2007 was 2% higher than in the first nine months of 2006. Utilization for our drilling rigs was 81% for the first nine months of 2007 and we anticipate utilization around 80% through early 2008.

Drilling operating costs decreased $9.1 million or 4% between the comparative nine month periods. Operating cost decreased as a result of 11 fewer rigs operating between the comparative nine month periods. This decrease in operating cost was partially offset by an increase in operating cost per day of $589 in the first nine months of 2007 when compared with the first nine months of 2006 which includes $65 per day from a $1.8 million recognition of bad debt. The majority of the increase in cost per day was attributable to indirect drilling cost, truck expense and yard expense as the cost for services supporting our rig fleet continue to increase. Cost also increased, to a lesser extent, from increases in direct drilling cost. With continued competition for qualified labor and utilization continuing around the 80% level, we expect our drilling rig expenses per day to remain steady or increase slightly over the remainder of 2007. Contract drilling depreciation increased $3.1 million or 8%. The addition of the 16 drilling rigs placed in service since February 2006 and the additional assets acquired in the 2007 second quarter rig acquisition increased depreciation with the increase partially offset by the effect of decreased utilization.

Oil and Natural Gas

Oil and natural gas revenues increased $10.2 million or 4% in the first nine months of 2007 as compared to the first nine months of 2006 due to an increase in equivalent production volumes of 3% and a slight increase in average natural gas prices. The increases were partially offset by decreased oil prices. Average natural gas prices between the comparative nine month periods increased less than 1% to $6.30 per Mcf while oil prices declined 4% to $54.90 per barrel. In the first nine months of 2007, natural gas production increased by less than 1% while oil production increased 19%. Increased natural gas and oil production came primarily from our ongoing development drilling activity and from acquisitions completed in 2006. Production increases primarily in the first quarter of 2007 were limited due to the impact from a Texas refinery fire, adverse winter weather, pipeline construction delays preventing the connection of wells recently drilled and the timing of completion of certain wells. With the continuation of our internal drilling program and our previous acquisitions, we believe our total production for 2007 compared to 2006 will increase 4% to 5%. Actual increases in revenues, however, will also be driven by commodity prices received for our production.

Oil and natural gas operating costs increased $10.8 million or 18% in the first nine months of 2007 as compared to the first nine months of 2006. An increase in the average cost per equivalent Mcf produced represented 79% of the increase in production costs with the remaining 21% of the increase attributable to the increase in volumes produced from both development drilling and producing property acquisitions. Lease operating expenses represented 69% of the increase, gross production taxes 8%, general and administrative cost directly related to oil and natural gas production 21% and increased accretion on plugging liability 2%. Lease operating expenses per Mcfe increased 16% between the comparative nine month periods as post production transportation cost, salt water disposal fees and compression increased along with a 59% increase in workover cost. Gross production taxes increased due to the increase in oil and natural gas volumes produced between the comparative quarters and the increase in natural gas prices. General and administrative expenses increased as labor costs increased primarily due to an 18% increase in the average number of employees working in the exploration and production area. Total depreciation, depletion and amortization ("DD&A") increased $15.6 million or 20%. Higher production volumes accounted for 17% of the increase while increases in our DD&A rate represented 83% of the increase. The increase in our DD&A rate in the first nine months of 2007 compared to the first nine months of 2006 resulted primarily from an 18% increase in our finding cost in 2006. Increasing demand for drilling rigs prior to the fourth quarter of 2006 throughout our areas of exploration increased the dayrates we pay to drill wells in our developmental program. Increases in natural gas and oil prices over the last two years have also caused increased sales prices for producing property acquisitions and even with the increased sales prices, we continue to see strong competition for producing property acquisitions.

Mid-Stream

Our mid-stream segment is engaged primarily in the mid-stream buying and selling, gathering, processing and treating of natural gas. We operate four natural gas treatment plants and own seven operating processing plants, 36 active gathering systems and 651 miles of pipeline. These operations are conducted in Oklahoma, Texas, Louisiana and Kansas. Intercompany revenue from services and purchases of production between our natural gas gathering and processing segment and our oil and natural gas segments has been eliminated. Our mid-stream revenues were $26.5 million or 36% higher in the first nine months of 2007 as compared to the first nine months of 2006 due to the higher volumes of natural gas sales and processing combined with higher natural gas prices. The average price for gas sold was less than 1% higher and the average price for liquids sold was 5% higher. Gas processing volumes per day increased 74% between the comparative nine month periods and gas liquids sold per day increased 100% between the comparative nine month periods. A 10% decrease in gathering volumes per day as gas transportation prices remained unchanged partially offset the increase in revenue from natural gas sales and processing. The significant increase in volumes processed per day is primarily attributable to the acquisition of a processing plant in September of 2006 and to a lesser extent volumes from wells added to existing systems throughout 2006. Gas liquids sold volumes per day increased due to recent upgrades to several of our processing facilities. Natural gas liquids sales were reduced $0.6 million due to our natural gas liquids swaps.

Operating costs increased 37% in the first nine months of 2007 compared with the first nine months of 2006 due an to a 34% increase in natural gas volumes purchased, slightly offset by a less than 1% decrease in prices paid for natural gas purchased, a 65% increase in field direct operating cost due to the growth in our natural gas gathering systems and the volume of natural gas processed and a 31% increase in general and administrative expenses. The total number of employees working in our mid-stream segment increased by 31%. The 93% increase in depreciation and amortization in our mid-stream segment came from the additional depreciation and amortization associated with tangible and intangible assets acquired between the comparative periods. Gas gathering volumes per day for the first nine months of 2007 were down 10% compared to the first nine months of 2006 primarily due to a slow down of new well connections associated with adverse winter weather and pipeline construction delays primarily in the first quarter of 2007 and declining production rates on existing wells. Subsequent declines will continue until further field development results in new well connections. Gas processing volumes per day for the first nine months of 2007 were up 74% compared to the first nine months of 2006 primarily due to the purchase of a gas processing system in September of 2006 and the completion of another plant in July 2006. Operating costs were increased $1.1 million due to our natural gas purchases hedge.

Other

General and administrative expense increased $2.8 million in the first nine months of 2007 compared to the first nine months of 2006. The increase in cost was primarily from a 16% increase in the number of employees associated with the growth of the company and increases in employee compensation cost.

Total interest expense increased 60% between the comparative nine month periods. Average debt outstanding was 45% higher in the first nine months of 2007 as compared to the nine months of 2006 primarily due to the acquisition of producing properties in the last four months of 2006 and the acquisition of a drilling company in the second quarter of 2007. Average debt outstanding accounted for approximately 84% of the interest expense increase, with the remaining 16% resulting from an increase in average interest rates on our bank debt. Interest expense was reduced $0.5 million from settlements of our interest rate swap. Associated with our increased level of development of oil and natural gas properties, the construction of additional drilling rigs and the construction of gas gathering systems, we capitalized $3.3 million of interest in the first nine months of 2007 compared with $2.5 million in the first nine months of 2006.

Income tax expense decreased $28.3 million or 21% due primarily to the decrease in income before income taxes. Our effective tax rate for the first nine months of 2007 was 35.8% versus 37.1% in the first nine months of

2006 with the change due primarily to the increase in manufacturing tax deduction for 2007. The portion of our taxes reflected as current income tax expense for the first nine months of 2007 was $53.5 million or 50% of total income tax expense in the first nine months of 2007 as compared with $89.7 million or 66% of total income tax expense in the first nine months of 2006. The reduction in the percentage of tax expense recognized as current is the result of increased intangible drilling costs to be deducted in the current year. Income taxes paid in the first nine months of 2007 were $58.2 million.

In January 2006, one of our drilling rigs was destroyed by a fire. No personnel were injured although the drilling rig was a total loss. Insurance proceeds for the loss exceeded our net book value and provided a gain of approximately $1.0 million which is recorded in other revenues.

SAFE HARBOR STATEMENT

This report, including information included in, or incorporated by reference from, future filings by us with the SEC, as well as information contained in written material, press releases and oral statements issued by or on our behalf, contain, or may contain, certain statements that are "forward-looking statements" within the meaning of federal securities laws. All statements, other than statements of historical facts, included or incorporated by reference in this report, which address activities, events or developments which we expect or anticipate will or may occur in the future are forward-looking statements. The words "believes," "intends," "expects," "anticipates," "projects," "estimates," "predicts" and similar expressions are used to identify forward-looking statements.

These forward-looking statements include, among others, such things as:

- the amount and nature of our future capital expenditures;
- the amount of wells to be drilled or reworked;
- prices for oil and natural gas;
- demand for oil and natural gas;
- our exploration prospects;
- estimates of our proved oil and natural gas reserves;
- oil and natural gas reserve potential;
- development and infill drilling potential;
- our drilling prospects;
- expansion and other development trends of the oil and natural gas industry;
- our business strategy;
- production of oil and natural gas reserves;
- growth potential for our mid-stream operations;
- gathering systems and processing plants we plan to construct or acquire;
- volumes and prices for natural gas gathered and processed;
- expansion and growth of our business and operations; and
- demand for our drilling rigs and drilling rig rates.

These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties which could cause actual results to differ materially from our expectations, including:

- the risk factors discussed in this report and in the documents we incorporate by reference;
- general economic, market or business conditions;
- the nature or lack of business opportunities that we pursue;
- demand for our land drilling services;
- changes in laws or regulations; and
- other factors, most of which are beyond our control.

You should not place undue reliance on any of these forward-looking statements. Except as required by law, we disclaim any current intention to update forward-looking information and to release publicly the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after the date of this report to reflect the occurrence of unanticipated events.

A more thorough discussion of forward-looking statements with the possible impact of some of these risks and uncertainties is provided in our Annual Report on Form 10-K filed with the SEC. We encourage you to get and read that document.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

Our operations are exposed to market risks primarily as a result of changes in commodity prices and interest rates.

Commodity Price Risk. Our major market risk exposure is in the price we receive for our oil and natural gas production. These prices are primarily driven by the prevailing worldwide price for crude oil and market prices applicable to our natural gas production. Historically, the prices we received for our oil and natural gas production have fluctuated and we expect these prices to continue to fluctuate. The price of oil and natural gas also affects both the demand for our drilling rigs and the amount we can charge for the use of our drilling rigs. Based on our first nine months of 2007 production, a $0.10 per Mcf change in what we are paid for our natural gas production would result in a corresponding $338,000 per month ($4.1 million annualized) change in our pre-tax cash flow. A $1.00 per barrel change in our oil price would have a $131,000 per month ($1.6 million annualized) change in our pre-tax operating cash flow.

In an effort to try and reduce the impact of price fluctuations, over the past several years we have periodically used hedging strategies to hedge the price we will receive for a portion of our future oil and natural gas production. A detailed explanation of those transactions has been included under hedging in the financial condition portion of Management’s Discussion and Analysis of Financial Condition and Results of Operations included above.

In an effort to try and reduce the impact of price fluctuations received for natural gas liquids, in June 2007 we entered into a series of natural gas liquid sales and natural gas purchase swaps to effectively lock in the fractionation spread we receive on approximately 65% of our liquids processed and sold. A detailed explanation of those transactions has been included under hedging in the financial condition portion of Management’s Discussion and Analysis of Financial Condition and Results of Operations included above.

Interest Rate Risk. Our interest rate exposure relates to our long-term debt, all of which bears interest at variable rates based on the BOKF National Prime Rate or the LIBOR Rate. At our election, borrowings under our revolving credit facility may be fixed at the LIBOR Rate for periods of up to 180 days. In February 2005, we entered into an interest rate swap for $50.0 million of our outstanding debt to help manage our exposure to any future interest rate volatility and in October 2007 we added an additional $15.0 million interest rate swap. A detailed explanation of this transaction has been included under hedging in the financial condition portion of Management’s Discussion and Analysis of Financial Condition and Results of Operations included above. Based on our average outstanding long-term debt subject to the floating rate in the first nine months of 2007, a 1% change in the floating rate would reduce our annual pre-tax cash flow by approximately $1.3 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures under Exchange Act Rule 13a-15. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of September 30, 2007 in ensuring the appropriate information is recorded, processed, summarized and reported in our periodic SEC filings relating to the company (including its consolidated subsidiaries) and is accumulated and communicated to the Chief Executive Officer, Chief Financial Officer and management to allow timely decisions.

Changes in Internal Controls. There were no changes in our internal controls over financial reporting during the quarter ended September 30, 2007 that could significantly affect these internal controls.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The company is a party to certain litigation arising in the ordinary course of its business. Although the amount of any liability that could arise with respect to these actions cannot be accurately predicted, in the company's opinion, any such liability will not have a material adverse effect on our business, financial condition and/or operating results.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2006, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

There have been no material changes to the risk factors disclosed in Item 1A in our Form 10-K for the year ended December 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable

Item 5. Other Information

Not applicable

Item 6. Exhibits

Exhibits:

10.2.48	Separation Benefit Plan of Unit Corporation and Participating Subsidiaries as amended, effective August 21, 2007.
15	Letter re: Unaudited Interim Financial Information.
31.1	Certification of Chief Executive Officer under Rule 13a – 14(a) of the Exchange Act.
31.2	Certification of Chief Financial Officer under Rule 13a – 14(a) of the Exchange Act.
32	Certification of Chief Executive Officer and Chief Financial Officer under Rule 13a – 14(a) of the Exchange Act and 18 U.S.C. Section 1350, as adopted under Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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 thereunto duly authorized.

Unit Corporation

Date: November 1, 2007	By: /s/ Larry D. Pinkston LARRY D. PINKSTON Chief Executive Officer and Director
Date: November 1, 2007	By: /s/ David T. Merrill DAVID T. MERRILL Chief Financial Officer and Treasurer

EX-10.2.48 2 exhibit10v2v48.htm EXHIBIT 10.2.48 - THIRD QUARTER 2007

SEPARATION BENEFIT PLAN

OF UNIT CORPORATION AND

PARTICIPATING SUBSIDIARIES

as amended

effective

August 21, 2007

Table of Contents

SEPARATION BENEFIT PLAN

OF UNIT CORPORATION AND

PARTICIPATING SUBSIDIARIES

Introduction

The purpose of this Plan is to provide financial assistance to Eligible Employees whose employment has terminated under certain conditions, in consideration of the waiver and release by such employees of any claims arising or alleged to arise from their employment or the termination of employment. No employee is entitled to any payment under this Plan except in exchange for and upon the Employing Company's receipt of a written waiver and release given in accordance with the provisions of this Plan.

ARTICLE 1.
SCOPE

Section 1.1 Name

This Plan shall be known as the Separation Benefit Plan of Unit Corporation and Participating Subsidiaries.

Section 1.2 Plan Year

The Plan Year is the calendar year.

ARTICLE 2.
DEFINITIONS

2.1 "Administration Committee" means the Committee established and appointed by the Board of Directors or by a committee of the Board of Directors.

2.2 "Base Salary" means the regular basic cash remuneration before deductions for taxes and other items withheld, and without regard to any salary reduction pursuant to any plans maintained by an Employing Company under Section 401 (k) or 125 of the Code, payable to an Employee for services rendered to an Employing Company, but not including pay for Bonuses, incentive compensation, special pay, awards or commissions.

2.3 "Beneficiary" means the person designated by an Eligible Employee in a written instrument filed with an Employing Company to receive benefits under this Plan.

2.4 "Board of Directors" means the board of directors of the Company.

2.5 "Bonus" means any annual incentive compensation paid to an Employee over and above Base Salary earned and paid in cash or otherwise.

2.6 "Change in Control" of the Company shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(i) On the close of business on the tenth day following the time the Company learns of the acquisition by any individual entity or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, of beneficial ownership within the meaning of Rule 13d 3 promulgated under the Exchange Act, of 15% or more of either (i) the then outstanding shares of Common Stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of Directors (the "Outstanding Company Voting Securities"); excluding, however, the following: (A) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from the Company); (B) any acquisition by the Company; (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; (D) any acquisition by any corporation pursuant to a transaction with complies with clauses (i), (ii) and (iii) of subsection (iii) of this definition and (E) if the Board of Directors of the Company determines in good faith that a Person became the beneficial owner of 15% or more of the Outstanding Company Common Stock inadvertently (including, without limitation, because (A) such Person was unaware that it beneficially owned a percentage of Outstanding Company Common Stock that would cause a Change of Control or (B) such Person was aware of the extent of its beneficial ownership of Outstanding Company Common Stock but had no actual knowledge of the consequences of such beneficial ownership under this Plan) and without any intention of changing or influencing control of the Company, then the beneficial ownership of Outstanding Company Common Stock by that Person shall not be deemed to be or to have become a Change of Control for any purposes of this Plan unless and until such Person shall have failed to divest itself, as soon as practicable (as determined, in good faith, by the Board of Directors of the Company), of beneficial ownership of a sufficient number of Outstanding Company Common Stock so that such Person's beneficial ownership of Outstanding Company Common Stock would no longer otherwise qualify as a Change of Control;

(ii) individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board; provided that any individual who becomes a Director of the Company subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by the vote of at least a majority of the Directors then comprising the Incumbent Board shall be deemed a member of the Incumbent Board; and provided further, that any individual who was initially elected as a Director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange act, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall not be deemed a member of the Incumbent Board;

(iii) approval by the stockholders of the company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Corporate Transaction"); excluding, however, a Corporate Transaction Pursuant to which (i) all or substantially all of the individuals or entities who are the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 70% of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding securities of such corporation entitled to vote generally in the election of Directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or indirectly) in substantially the same proportions relative to each other as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Company Common stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (other than: the Company; the corporation resulting from such Corporate Transaction; and any Person which beneficially owned, immediately prior to such Corporate Transaction, directly or indirectly, 25% or more of the Outstanding Company Common Stock or the Outstanding Voting Securities, as the case may be) will beneficially own, directly or indirectly, 25% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding securities of such corporation entitled to vote generally in the election of Directors and (iii) individuals who were members of the Incumbent Board will constitute a majority of the members of the Board of Directors of the corporation resulting from such Corporate Transaction; or

(iv) approval by the stockholders of the Company of a plan of complete liquidation or dissolution of the Company.

2.7 "Change of Control Contract" means a Unit Corporation Key Employee Change of Control Contract entered into between Unit Corporation and the individual identified in such agreement as "Executive".

2.8 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.9 "Company" means Unit Corporation, the sponsor of this Plan.

2.10 "Comparable Position" means a job with an Employing Company or successor company at the same or higher Base Salary as an Employee's current job and at a work location within reasonable commuting distance from an Employee's home, as determined by such Employee's Employing Company.

2.11 "Completed Year of Service" means the period of time beginning with an Employee's date of hire or the anniversary of such date of hire and ending twelve months thereafter.

2.12 "Discharge for Cause" means termination of the Employee's employment by the Employing Company due to:

(i) the consistent failure of the Employee to perform the Employee's prescribed duties to the Employing Company (other than any such failure resulting from the Employee's incapacity due to physical or mental illness);

(ii) the commission by the Employee of a wrongful act that caused or was reasonably likely to cause damage to the Employing Company;

(iii) an act of gross negligence, fraud, unfair competition, dishonesty or misrepresentation in the performance of the Employee's duties on behalf of the Employing Company;

(iv) the conviction of or the entry of a plea of nolo contendere by the Employee to any felony or the conviction of or the entry of a plea of nolo contendere to any offense involving dishonesty, breach of trust or moral turpitude; or

(v) a breach of an Employee's fiduciary duty involving personal profit.

2.13 "Eligible Employee" means an Employee who is determined to be eligible to participate in this Plan and receive benefits under Article Three

2.14 (a) "Employee" means a person who is

(i) a regular full-time salaried employee of the Employing Company principally employed in the continental United States, Alaska or Hawaii;

(ii) employed by an Employing Company for work on a regular full-time salaried schedule of at least 40 hours per week for an indefinite period; or

(iii) a regular employee who has been demoted or transferred from a full-time salaried position to an hourly position and who, in the discretion of Employing Company is deemed to retain his or her eligibility to participate in the Plan.

(b) "Employee" does not, under any circumstance, mean a person who is

(i) an employee whose compensation is determined on an hourly basis or who holds a position with the Employing Company that is generally characterized as an "hourly" position, except were a specific employee is, after demotion, deemed to be eligible to participate in the Plan under paragraph (a)(iii), above;

(ii) an employee who is classified by the Employing Company as a temporary employee;

(iii) an employee who is a member of a bargaining unit unless the employee's union has bargained this Plan pursuant to a current collective bargaining agreement between the Employing Company and the union or the employee's union bargains this Plan pursuant to the bargaining obligations mandated by the National Labor Relations Act;

(iv) an employee retained by the Employing Company under a written contract, other than a Change of Control Contract; or

(v) any worker who is retained by the Company or Employing Company as a "independent contractor," "leased employee," or "temporary employee" but who is reclassified as an "employee" of the Company or Employing Company by a state or federal agency or court of competent jurisdiction.

2.15 "Employing Company" means the Company or any subsidiary of the Company electing toparticipate in this Plan under the provisions of Section 7.1.

2.16 "ERISA" means the Employee Retirement Income Security Act of 1974, as from time to time amended, and all regulations and rulings issued thereunder by governmental administrative bodies.

2.17 "Plan" means the Separation Benefit Plan of Unit Corporation and ParticipatingSubsidiaries Plan, as set forth herein and as hereafter amended from time to time.

2.18 "Separation Benefit" means the benefit provided for under this Plan as determined under Article Three.

2.19 "Separation Period" means the period of time over which an Employee receives Separation Benefits under the Plan in semimonthly or other installment payments.

2.20 "Termination of Employment" means an Employee's separation from the service of an Employing Company determined by the Employing Company, provided that a Termination of Employment does not include any separation from service resulting from:

(i) Discharge for Cause,

(ii) court decree or government action or recommendation having an effect on an Employing Company operations or manpower involving rationing or price control or any other similar type cause beyond the control of an Employing Company,

(iii) prior to a Change in Control, an offer to the Employee of a position with an Employing Company, or affiliate, regardless whether the position offered provides comparable wages and benefits to the position formerly held by the Employee,

(iv) termination pursuant to which an Employee accepts any benefits under an incentive retirement plan or other severance or separation plan,

(v) termination of an Employee who has a written employment contract which contains severance provisions, or

(vi) failure of an Employee to report to work as required by his or her Employing Company.

Temporary work cessations due to strikes, lockouts or similar reasons shall not be considered a Termination of Employment. An Employee's separation from service in connection with the divestiture of any business of an Employing Company shall not constitute a Termination of Employment if the Employee is offered a Comparable Position by the purchaser or successor of such business, an affiliate thereof, or an affiliate of an Employing Company. A separation from service by an Employee who is offered a Comparable Position arranged for or secured by an Employing Company does not constitute a Termination of Employment.

Notwithstanding anything in this Section 2.20 to the contrary, a Termination of Employment shall be deemed to include any termination pursuant to which an Employee is entitled to receive benefits under the terms of a Change of Control Contract.

A Termination of Employment shall be effective on the date specified by the Employing Company (the "Termination Date").

2.21 "Years of Service" means the sum of the number of continuous Completed Years of Service as an Employee of an Employing Company during the period of employment beginning with the Employee's most recent hire date and ending with the Employee's most recent termination date. Provided, in the event an Employee was a member of the Board of Directors of an Employing Company prior to (or after) the adoption of the August 21, 2007 Amendment to the Plan, such Employee shall be credited with the period of time beginning with his date of hire with an Employing Company, and the provisions in Section 2.14(b)(vi) of any prior version of the Plan shall be disregarded.

ARTICLE 3.
BENEFITS

Section 3.1 Eligibility

Each Employee who has at least one active Year of Service with an Employing Company immediately preceding the date of his or her Termination of Employment, who complies with all administrative requirements of this Plan, including the provisions of Article Five, and who works through his/her Termination Date and who is not engaged in a strike or lockout as of the Termination Date, is eligible to participate in this Plan and, subject to all the terms of the Plan, receive benefits as provided in this Article Three. An Employee is ineligible to participate in this Plan if such Employee fails to satisfy any of the requirements of this Plan including, but not limited to, failure to establish that his or her termination meet the requirements for a Termination of Employment.

Section 3.2 Separation Benefit

A Separation Benefit shall be provided for Eligible Employees under the provisions of this Article Three.

Section 3.3 Separation Benefit Amount

The Separation Benefit payable to an Eligible Employee under the Plan shall be based, in part, on his/her Years of Service with the Company, or Employing Company. The formula for determining an Employee's Separation Benefit payment shall be calculated by dividing the Employee's average Base Salary for the one year period ending immediately prior to the date of Termination of Employment by 52 to calculate the weekly separation benefit (the "Weekly Separation Benefit"). The amount of the Separation Benefit payable to the Eligible Employee shall then be determined in accordance with the following applicable provision:

3.3.1 *Involuntary separation* - In the event the Termination of Employment is the result of an Employing Company terminating the employment of the Eligible Employee, theSeparation Benefit shall be determined according to the following schedule:

Involuntary Separation

Schedule of Separation Benefits

Years of Service	Number of Weekly Separation Benefit Payments	Years of Service	Number of Weekly Separation Benefit Payments
1	4	14	56
2	8	15	60
3	12	16	64
4	16	17	68
5	20	18	72
6	24	19	76
7	28	20	80
8	32	21	84
9	36	22	88
10	40	23	92
11	44	24	96
12	48	25	100
13	52	26 or more	104

3.3.2 *Voluntary separation or death of the Eligible Employee* - In the event the Termination of Employment is the result of the Eligible Employee's own action (such as byway of example and not limitation, quitting, resignation or retirement) or is as a result of the Eligible Employee's death, the Separation Benefit shall be determined according to the following Schedule:

Voluntary Separation

Schedule of Separation Benefits

Years of Service	Number of Weekly Separation Benefit Payments
1-19	0
20	80
21	84
22	88
23	92
24	96
25	100
26 or more	104

Under certain exceptional circumstances the Administration Committee may, in its sole and absolute discretion, choose to treat a voluntary separation as an involuntary separation and allow an Eligible Employee to receive Separation Benefits in accordance with the schedule set forth in Section 3.3.1.

Section 3.4 Separation Benefit Limitation

Notwithstanding anything in the Plan to the contrary, the Separation Benefit payable to any Eligible Employee under this Plan shall never exceed the lesser of (i) 104 Weekly Separation Benefit payments; or (ii) the amount permitted under ERISA to maintain this Plan as a welfare benefit plan. The benefits payable under this Plan shall be inclusive of and offset by any other severance or termination payments (other than those made pursuant to a Change of Control Contract) made by an Employing Company, including, but not limited to, any amounts paid pursuant to federal, state, local or foreign government worker notification (e.g., Worker Adjustment and Retraining Notification Act) or office closing requirements.

Section 3.5 Withholding Tax

The Employing Company shall deduct from the amount of any Separation Benefits payable under the Plan, any amount required to be withheld by the Employing Company by reason of any law or regulation, for the payment of taxes or otherwise to any federal, state, local or foreign government. In determining the amount of any applicable tax, the Employing Company shall be entitled to rely on the number of personal exemptions on the official form(s) filed by the Employee with the Employing Company for purposes of income tax withholding on regular wages.

Section 3.6 Reemployment of an Eligible Employee

Entitlement to the unpaid balance of any Separation Benefit amount due an Eligible Employee under this Plan shall be revoked immediately upon reemployment of the person as an Employee of an Employing Company. Such unpaid balance shall not be payable in any future period.

However, if the person's re-employment is subsequently terminated and he or she then becomes entitled to a Separation Benefit under this Plan, Years of Service for the period of re-employment shall be added to that portion of his or her prior service represented by the unpaid balance or the revoked entitlement for the prior Separation Benefit.

Section 3.7 Integration with Disability Benefits

The Separation Benefit payable to an Eligible Employee with respect to any Separation Period shall be reduced (but not below zero) by the amount of any disability benefit payable from any disability plan or program sponsored or contributed to by an employing Company. The amount of any such reduction shall not be paid to the Eligible Employee in any future period.

Section 3.8 Plan Benefit Offset

The amount of any severance or separation type payment that an Employing Company is or was obligated to pay to an Eligible Employee under any law, decree, court award, contract, program or other arrangement because of the Eligible Employee's separation from service from an Employing Company shall reduce the amount of Separation Benefit otherwise payable under this Plan. Notwithstanding the immediately preceding sentence, the terms of this Section 3.8 shall not be applicable to any benefits paid under a Change of Control Contract.

Section 3.9 Recoupment

An Employing Company may deduct from the Separation Benefit any amount owing to an Employing Company from

(a) the Eligible Employee, or

(b) the executor or administrator of the Eligible Employee's estate.

Section 3.10 Completion of Twenty Years of Service

Any Eligible Employee who shall complete Twenty Years of Service prior to the termination of this Plan shall be vested in his/her Separation Benefit notwithstanding the subsequent termination of this Plan prior to such Employee's Termination of Employment. Any Separation Benefit deemed to have vested pursuant to this section shall be payable upon such Employee's Termination of Employment with the Employing Company and shall be paid in accordance with the greater of (1) the Plan provisions in effect immediately prior to the termination of this Plan, and (2) the Plan provisions in effect on the date the Employee completed Twenty Years of Service.

Section 3.11 Change in Control

Unless otherwise provided in writing by the Board of Directors prior to a Change in Control of the Company, all Eligible Employees shall be vested in his/her Separation Benefit as of the date of the Change in Control based on such Eligible Employee's then Years of Service as determined by reference to the schedule set forth in Section 3.3.1 of this Plan. Any Separation Benefit deemed to have vested pursuant to this section shall be payable upon the Eligible Employee's Termination of Employment with the Employing

Company and shall be paid in accordance with the Plan provisions in effect immediately prior to the Change in Control.

ARTICLE 4.
METHOD OF PAYMENT

Section 4.1 Separation Benefit Payment

Separation Benefit payments shall, unless otherwise determined by the Administration Committee, be paid in the same manner as wages were paid to the Employee.

Section 4.2 Protection of Business

Any Eligible Employee who receives Separation Benefits under Section 3.3 of this Plan agrees that, in consideration of the Separation Benefits, the Employee will not, in any capacity, directly or indirectly, and on his or her own behalf or on behalf of any other person or entity, during the period of time he or she is receiving such Separation Benefits, either (a) solicit or attempt to induce any current customer of the Company to cease doing business with the Company or (b) solicit or attempt to induce any employee of the Company to sever the employment relationship (collectively, the "Protection of Business Requirements"). Except as provided in the next paragraph and/or the Separation Agreement, in the event the Eligible Employee violates the Protection of Business Requirements of this Section (or the like provisions of his or her Separation Agreement), the Eligible Employee shall not be entitled to any further payments of Separation Benefits under this Plan and shall be obligated to repay the Employing Company all monies previously received as Separation Benefits. In the event of a Change in Control, Employee's obligations under this Section shall expire and be canceled, and Employee shall be entitled to Separation Benefits under this Plan in accordance with its terms even if he or she engages in conduct that would otherwise violate the Protection of Business Requirements in this Section.

Section 4.3 Death

(a) Termination of Employment as a result of death of Eligible Employee - In the event that the Eligible Employee's Termination of Employment is as a result of the Employee's death, the Separation Benefit shall be paid to the Eligible Employee's Beneficiary in accordance with the provisions of Section 3.3.2, above.

Payments shall be made to the Eligible Employee's Beneficiary, notwithstanding the Eligible Employee's failure to meet the waiver and release conditions of Article Five of the Plan.

(b) *Death of the Eligible Employee Subsequent to Termination of Employment* - In the event that an Eligible Employee's death occurs subsequent to the date of Termination of Employment, and before receipt of any or all of the benefits to which the Eligible Employee was entitled under this Plan, then the Administration Committee may, in its sole and absolute discretion, pay a computed lump sum value of the unpaid balance of the Eligible Employee's Separation Benefit to the Eligible Employee's Beneficiary, and if there is no designated, living Beneficiary, the computed lump sum value described above may be paid to the executor or administrator of the Eligible Employee's estate. For purposes of calculating the computed lump sum value as provided herein, the Administration Committee may discount the present value of the future Separation Benefit payments using a commercially reasonable discount rate.

ARTICLE 5.
WAIVER AND RELEASE OF CLAIMS

Except as provided in Section 4.3(a), above, it is a condition of this Plan that no Separation Benefit shall be paid to or for any Employee except upon due execution and delivery to the Employing Company by that Employee of a Separation Agreement in substantially the form attached to this Plan as Attachment "A" or "B" or such other form as may be designated as the required Separation Agreement from time to time, in the discretion of the Employing Company, by which the Employee waives and releases the Company, its subsidiaries and their officers, directors, agents, employees and affiliates from all claims arising or alleged to arise out of his or her employment or the termination of employment including, but not limited to the Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights Act of 1964, as amended, and all other state and federal laws governing the Employee's employment. Said waiver and release as provided in the Separation Agreement being given in exchange for and in consideration of payment of the Separation Benefit, to which the Employee wouldnot otherwise be entitled. The determination whether the Employee shall be required to execute a Separation Agreement in the form shown by Attachment "A," "B" or otherwise shall be within the sole discretion of the Employing Company.

In connection with the execution of the Separation Agreement, the following procedures shall be followed (except as modified from time to time, in the discretion of the Employing Company): the Employee shall be advised in writing, by receiving the written text of the Separation Agreement so stating, to consult a lawyer before signing the Separation Agreement; the Employee shall be given either twenty-one (21) days (when form shown by Attachment "A" is used), or forty-five (45) days (when form shown by Attachment "B" is used) to consider the Separation Agreement before signing; after signing, the Employee shall have seven (7) days in which to revoke the Separation Agreement; and the Separation Agreement shall not take effect until the seven (7) day revocation period has passed.

In addition, where the form shown by Attachment "B" is used, the Employee shall be given: a written statement identifying for the Employee the class, unit or group of persons eligible to participate in the Plan and any time limits for eligibility under the Plan; and the job titles and ages of all persons eligible or selected for separation under the Plan in the same job classification or organizational unit, and the ages of all persons not eligible or selected for separation under the Plan.

ARTICLE 6.
FUNDING

This Plan is an unfunded employee welfare benefit plan under ERISA established by theCompany. Benefits payable to Eligible Employees shall be paid out of the generalassets of the Employing Company. The Employing Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Separation Benefits under the Plan.

ARTICLE 7.
OPERATION

Section 7.1 Employing Company Participation

Any subsidiary of the Company may participate as an Employing Company in the Planupon the following conditions:

(a) Such subsidiary shall make, execute and deliver such instruments as the Company shall deem necessary or desirable;

(b) Such subsidiary may withdraw from participation as an Employing Company upon notice to the Company in which event such subsidiary may continue the provisions or this Plan as its own plan, and may thereafter, with respect thereto, exercise all of the rights and powers theretofore reserved to the Company; and

(c) Any modification or amendment of the Plan made or adopted by the Company shall be deemed to have been accepted by each Employing Company.

Section 7.2 Status of Subsidiaries

The authority of each subsidiary to act independently and in accordance with its own best judgment shall not be prejudiced or diminished by its participation in this Plan and at the same time the several Employing Company may act collectively in respect of general administration of this Plan in order to secure administrative economies and maximum uniformity.

Section 7.3 Termination by an Employing Company

Any Employing Company other than the Company may withdraw from participation inthe Plan at any time by delivering to the Administration Committee written notification to that effect signed by such Employing Company's chief executive officer or his delegate. Withdrawal by any Employing Company pursuant to this paragraph or complete discontinuance of Separation Benefits under the Planby any Employing Company other than the Company, shall constitute termination of the Plan with respect to such Employing Company, but such actions shall notaffect any Separation Benefit that has become payable to an Eligible Employee,and such benefit shall continue to be paid in accordance with the Plan provisions in effect on the Termination of Employment.

ARTICLE 8.
ADMINISTRATION

Section 8.1 Named Fiduciary

This Plan shall be administered by the Company acting through the Administration Committee or such other person as may be designated by the Company from time to time. The Administration Committee shall be the "Administrator" of the Plan and shall be, in its capacity as Administrator, a "Named Fiduciary," as such terms are defined or used in ERISA.

Section 8.2 Fiduciary Responsibilities

The named fiduciary shall fulfill the duties and requirements of such a fiduciary under ERISA and is the Plan's agent for service of legal process. The named fiduciary may designate other persons to carry out such fiduciary responsibilities and may cancel such a designation. A person may serve in more than one fiduciary or administrative capacity with respect to this Plan. The named fiduciary shallperiodically review the performance of the fiduciary responsibilities by each designated person.

Section 8.3 Specific Fiduciary Responsibilities

The Administration Committee shall be responsible for the general administration and interpretation of the Plan and the proper execution of its provisions and shall have full discretion to carry out its duties. In addition to any powers of the Administration Committee specified elsewhere in this Plan, the Administration Committee shall have all discretionary powers necessary to discharge its duties under this Plan, including, but not limited to, the following discretionary powers and duties:

8.3.1 To interpret or construe the terms of the Plan, including eligibility to participate, and resolve ambiguities, inconsistencies and omissions;

8.3.2 To make and enforce such rules and regulations and prescribe the use of such forms as it deems necessary or appropriate for the efficient administration of the Plan; and

8.3.3 To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan.

Section 8.4 Allocations and Delegations of Responsibility

The Board of Directors and the Administration Committee respectively shall have the authority to delegate, from time to time, all or any part of its responsibilities under this Plan to such person or persons as it may deem advisable and in the same manner to revoke any such delegation of responsibility. Any action of the delegate in the exercise of such delegated responsibilities shall have the same force and effect for all purposes hereunder as if such action had been taken by the Board of Directors or the Administration Committee. The Company, the Board of Directors and the Administration Committee shall not be liable for any acts or omissions of any such delegate. The delegate shall report periodically to the Board of Directors or the Administration Committee, as applicable, concerning the discharge of the delegated responsibilities.

The Board of Directors and the Administration Committee respectively shall have the authority to allocate, from time to time, all or any part of its responsibilities under this Plan to one or more of its members as it may deem advisable, and in the same manner to remove such allocation of responsibilities. Any action of the member to whom responsibilities are allocated in the exercise of such allocated responsibilities shall have the same force and effect for all purposes hereunder as if such action had been taken by the Board of Directors or the Administration Committee. The Company, the Board of Directors and the Administration Committee shall not be liable for any acts or omissions of such member. The member to whom responsibilities have been allocated shall report periodically to the Board of Directors or the Administration Committee, as applicable, concerning the discharge of the allocated responsibilities.

Section 8.5 Advisors

The named fiduciary or any person designated by the named fiduciary to carry out fiduciary responsibilities may employ one or more persons to render advice with respect to any responsibility imposed by this Plan.

Section 8.6 Plan Determination

The determination of the Administration Committee as to any question involving the general administration and interpretation or construction of the Plan shall be within its sole discretion and shall be final, conclusive and binding on all persons, except as otherwise provided herein or by law.

Section 8.7 Claims Review Procedure

Consistent with the requirements of ERISA and the regulations thereunder as promulgated by the Secretary of Labor from time to time, the following claims review procedure shall be followed with respect to the denial of Separation Benefits to any Employee:

8.7.1 Within thirty (30) days from the date of an Employee's Termination of Employment, the Employing Company shall furnish such Employee with an agreement and release offering

Separation Benefits under the Plan or notice of such Employee's ineligibility for or denial of Separation Benefits, either in whole or in part. Such notice from the Employing Company will be in writing and sent to the Employee or the legal representatives of his estate stating the reasons for such ineligibility or denial and, if applicable, a description of additional information that might cause a reconsideration by the Administration Committee or its delegate of the decision and an explanation for the Plan's claims review procedure. In the event such notice is not furnished within thirty (30) days, any claim for Separation Benefits shall be deemed denied and the Employee shall be permitted to proceed to Section 8.7.2 below.

8.7.2 Each Employee may submit a claim for benefits to the Administration Committee (or to such other person as may be designated by the Administration Committee) in writing in such form as is permitted by the Administration Committee. An Employee shall have no right to seek review of a denial of benefits, or to bring any action in any court to enforce a claim for benefits prior to his filing a claim for benefits and exhausting his rights to review under this section.

When claim for benefits has been filed properly, such claim for benefits shall be evaluated and the Employee shall be notified of the approval or the denial within ninety (90) days after the receipt of such claim unless special circumstances require an extension of time for processing the claim. If such an extension of time for processing is required, written notice of the extension shall be furnished to the Employee prior to the termination of the initial ninety (90) day period which shall specify the special circumstances requiring an extension and the date by which a final decision shall be reached (which date shall not be later than one hundred and eighty (180) days after the date on which the claim was filed). The Employee shall be given a written notice in which the Employee shall be advised as to whether the claim is granted or denied, in whole or in part. If a claim is denied by the Administration Committee, in whole or in part, the Employee shall be given written notice which shall contain (1) the specific reasons for the denial, (2) references to pertinent Plan provisions upon which the denial is based, (3) a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary, and (4) the Employee's rights to seek review of the denial.

8.7.3 If a claim is denied, in whole or in part, the Employee shall have the right to request that the Administration Committee review the denial, provided that the Employee files a written request for review with the Administration Committee within sixty (60) days after the date on which the Employee received written notification of the denial. The Employee (or his duly authorized representative) may review pertinent documents and submit issues and comments in writing to the Administration Committee. Within a reasonable period, which shall not be later than sixty (60) days after a request for review is received the review shall be made and the Employee shall be advised in writing of the decision on review, unless special circumstances require an extension of time for processing the review, in which case the Employee shall be given a written notification within such initial sixty (60) day period specifying the reasons for the extension and when such review shall be completed (provided that such review shall be completed within one hundred and twenty (120) days after the date on which the request for review was filed). The decision on review shall be forwarded to the Employee in writing and shall include specific reasons for the decision and references to Plan provisions upon which the decision is based. A decision on review shall be final and binding on all persons.

8.7.4 If an Employee fails to file a request for review in accordance with the procedures herein outlined, such Employee shall have no rights to review and shall have no right to bring action in any court and the denial of the claim shall become final and binding on all Persons for all purposes.

8.7.5 The determinations whether any person qualifies as an Eligible Employee under the Plan; and whether to grant or deny any claim for benefits under this Plan shall be made by the

Administration Committee, in its sole and absolute discretion, and all such determinations shall be conclusive and binding on all persons to the maximum extent permitted by law.

Section 8.8 Modification and Termination

The Company may at any time, without notice or consent of any person, terminate or modify this Plan in whole or in part, and such termination or modification shall apply to existing as well as to future employees, but such actions shall not affect any Separation Benefit that has become payable to an Eligible Employee,and such benefit shall continue to be paid in accordance with the Plan provisions in effect on the date of the Termination of Employment.

Section 8.9 Indemnification

To the extent permitted by law, the Company shall indemnify and hold harmless the members of the Board of Directors, the Administration Committee members, andany employee to whom any fiduciary responsibility with respect to this Plan is allocated or delegated to, and against any and all liabilities, costs and expenses incurred by any such person as a result of any act, or omission to act, in connection with the performance of his/her duties, responsibilities and obligations under this Plan, ERISA and other applicable law, other than suchliabilities, costs and expenses as may result from the gross negligence or willful misconduct of any such person. The foregoing right of indemnification shall be in addition to any other right to which any such person may be entitled as a matter of law or otherwise. The Company may obtain, pay for and keep current a policy or policies of insurance, insuring the members of the Board of Directors, the Administration Committee members and any other employees whohave any fiduciary responsibility with respect to this Plan from and against any and all liabilities, costs and expenses incurred by any such person as a result of any act, or omission, in connection with the performance of his/her duties, responsibilities and obligations under this Plan and under ERISA.

Section 8.10 Successful Defense

A person who has been wholly successful, on the merits or otherwise, in the defense of a civil or criminal action or proceeding or claim or demand of the character described in Section 8.9 above shall be entitled to indemnification as authorized in such Section 8.9.

Section 8.11 Unsuccessful Defense

Except as provided in Section 8.10 above, any indemnification under Section 8.9 above,unless ordered by a court of competent jurisdiction, shall be made by the Company only if authorized in the specific case:

8.11.1 By the Board of Directors acting by a quorum consisting of directors who are not parties to such action, proceeding, claim or demand, upon a finding that the member of the Administration Committee has met the standard of conduct set forth in Section 8.9 above; or

8.11.2 If a quorum under Section 8.11.1 above is not obtainable with due diligence the Board of Directors upon the opinion in writing of independent legal counsel(who may be counsel to any Employing Company) that indemnification is proper inthe circumstances because the standard of conduct set forth in Section 8.9 above has been met by such member of the Administration Committee.

Section 8.12 Advance Payments

Expenses incurred in defending a civil or criminal action or proceeding or claim or demand may be paid by the Company or Employing Company, as applicable, in advance of the final disposition of such action or proceeding, claim or demand, if authorized in the manner specified in Section 8.11 above, except that, in view of the obligation of repayment set forth in Section 8.13 below, there need be no finding or opinion that the required standard of conduct has been met.

Section 8.13 *Repayment of Advance Payments*

All expenses incurred, in defending a civil or criminal action or proceeding, claim or demand, which are advanced by the Company or Employing Company, as applicable, under Section 8.12 above shall be repaid in case the person receiving such advance is ultimately found, under the procedures set forth in this Article Eight, not to be entitled to the extent the expenses so advanced by the Company exceed the indemnification to which he or she is entitled.

Section 8.14 *Right of Indemnification*

Notwithstanding the failure of the Company or Employing Company, as applicable, to provide indemnification in the manner set forth in Section 8.11 and 8.12 above, and despite any contrary resolution of the Board of Directors or of the shareholders in the specific case, if the member of the Administration Committee has met the standard of conduct set forth in Section 8.9 above, the person made or threatened to be made a party to the action or proceeding or against whom the claim or demand has been made, shall have the legal right to indemnification from the Company or Employing Company, as applicable, as a matter of contract by virtue of this Plan, it being the intention that each such person shall have the right to enforce such right of indemnification against the Company or Employing Company, as applicable, in any court of competent jurisdiction.

ARTICLE 9.
EFFECTIVE DATE

This Plan shall be effective as amended and restated on and after December 14, 2004.

ARTICLE 10.
MISCELLANEOUS

Section 10.1 *Assignment*

An Employee's right to benefits under this Plan shall not be assigned, transferred, pledged, encumbered in any way or subject to attachment or garnishment, and any attempted assignment, transfer, pledge, encumbrance, attachment, garnishment or other disposition of such benefits shall be null and void and without effect.

Section 10.2 *Governing Law*

To the extent not governed by federal law, this Plan and all action taken under it shall be governed by the laws of the State of Oklahoma, notwithstanding such State's choice of law provisions. If any part of the Plan is held by a court of competent jurisdiction to be void or voidable, such holding shall not apply to render void or voidable the provisions of the Plan not encompassed in the court's holding. Where necessary to maintain the Plan's validity, a court of competent jurisdiction may modify the terms of this Plan to the extent necessary to effectuate its purposes as demonstrated by the terms and conditions stated herein.

Section 10.3 *Employing Company Records*

The records of the Employing Company with regard to any person's Eligible Employee status, Beneficiary status, employment history, Years of Service and all other relevant matters shall be conclusive for purposes of administration of the Plan.

Section 10.4 *Employment Non-Contractual*

This Plan is not intended to and does not create a contract of employment, express or implied, and an Employing Company may terminate the employment of any employee with or without cause as freely and with the same effect as if this Plan did not exist. Nothing contained in the Plan shall be deemed to qualify, limit or alter in any manner the Employing Company's sole and complete authority and discretion to establish, regulate, determined or modify at all time, the terms and conditions of employment, including, but not limited to, levels of employment, hours of work, the extent of hiring and employment termination, when and where work shall be done, marketing of its products, or any other matter related to the conduct of its business or the manner in which its business is to be maintained or carried on, in the same manner and to the same extent as if this Plan were not in existence.

Section 10.5 Taxes

Neither an Employing Company nor any fiduciary of this Plan shall be liable for anytaxes incurred by an Eligible Employee or Beneficiary for Separation Benefit payments made pursuant to this Plan.

Section 10.6 Binding Effect

This Plan shall be binding on the Company, any Employing Company and their successors and assigns, and the Employee, Employee's heirs, executors, administrators and legal representatives. As used in this Plan, the term "successor" shall include any person, firm, corporation or other business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets or business of the Company or any Employing Company.

Section 10.7 Entire Agreement

This Plan constitutes the entire understanding between the parties hereto and may be modified only in accordance with the terms of this Plan.

SEPARATION AGREEMENT "A"

[Name of Employing Company] ("Unit") and ______________________________ ("Employee") hereby agree as follows:

Employee's employment will end on ______________________, 20__.

In consideration for Employee's agreement to the terms and conditions of this Separation Agreement ("Agreement"), Unit will pay to Employee a Separation Benefit of $________________ in accordance with and subject to the terms of the Separation Benefit Plan of Unit Corporation and Participating Subsidiaries (the "Plan").

Employee knows that state and federal laws, including the Age Discrimination in Employment Act and Title VII of the Civil Rights Act of 1964, as amended, prohibit employment discrimination based on age, sex, race, color, national origin, religion, handicap, disability, or veteran status, and that these laws are enforced through the United States Equal Employment Opportunity Commission ("EEOC"), United States Department of Labor, and State Human Rights Agencies.

EMPLOYEE IS ADVISED TO CONSULT AN ATTORNEY PRIOR TO SIGNING THIS AGREEMENT.

EMPLOYEE HAS TWENTY ONE DAYS AFTER RECEIVING THIS AGREEMENT TO CONSIDER WHETHER TO SIGN THIS AGREEMENT.

AFTER SIGNING THIS AGREEMENT, EMPLOYEE HAS ANOTHER SEVEN (7) DAYS IN WHICH TO REVOKE CONSENT TO THIS AGREEMENT. THIS AGREEMENT DOES NOT TAKE EFFECT UNTIL THOSE SEVEN DAYS HAVE PASSED.

In exchange for receipt of the Separation Benefit described above, to which Employee acknowledges he or she is not otherwise entitled, Employee forever releases and discharges Unit Corporation and its subsidiaries, their officers, directors, agents, employees, and affiliates from all claims, liabilities, and lawsuits arising out of Employee's employment or the termination of that employment, and agrees not to assert any such claim, liability or lawsuit. Employee agrees that this release and discharge includes any claim under the Age Discrimination in Employment Act and Title VII of the Civil Rights Act of 1964, as amended, and any claim under other federal, state or local statute or regulation relating to employment discrimination or employee benefits. Employee agrees that this release and discharge includes any claim under any other statute, regulation or common law rule relating to Employee's employment or termination of employment. This Agreement does not have any effect with respect to acts or events occurring after the date upon which Employee signs the Agreement. This Agreement does not limit any benefits to which Employee is entitled under any retirement plans, if any.

As further consideration for the payment of the Separation Benefit described above, Employee agrees that Employee will not, in any capacity directly or indirectly and on his or her own behalf or on behalf of any other person or entity, during the period of time he or she is receiving such Separation Benefits, either (a) solicit or attempt to induce any current customer of the Company to cease doing business with the Company or (b) solicit or attempt to induce any employee of the Company to sever the employment relationship (collectively, the "Protection of Business Requirements").

Except as provided in the next paragraph, in the event Employee violates the Protection of Business Requirements hereof, Employee shall not be entitled to any further payments of Separation Benefits under the Plan or this Agreement and shall be obligated to repay Unit all Separation Benefit payments previously received under the Plan and this Agreement.

In the event of a Change in Control of Unit Corporation (as defined in the Plan), Employee's obligations regarding the Protection of Business Requirements under this Agreement shall expire and be canceled, and Employee shall be entitled to Separation Benefits provided under the Plan in accordance with the terms of the Plan, notwithstanding whether Employee thereafter engages in conduct that would otherwise violate the Protection of Business Requirements as described in this Agreement.

Employee has carefully read and fully understands all the provisions of this Agreement. This is the entire Agreement between the parties and is legally binding and enforceable. Employee agrees that he or she has not relied upon any representation or statement, written or oral, not set forth in this Agreement when signing this Agreement.

This Agreement shall be governed and interpreted under federal law and the laws of the State of Oklahoma, notwithstanding such State's choice of law provisions. If any part of this Agreement is held by a court of competent jurisdiction to be void or voidable, such holding shall not apply to render void or voidable the provisions of this Agreement not encompassed in the court's holding. Where necessary to maintain this Agreement's validity, a court of competent jurisdiction may modify the terms of this Agreement to the extent necessary to effectuate its purposes as demonstrated by the terms and conditions stated herein.

Employee agrees that he or she has carefully read and fully understands all the provision of this Agreement. This is the entire Agreement between the parties, and it is legally binding and enforceable. Employee agrees that he or she has not relied upon any representation or statement, written or oral, not set forth in this Agreement when signing this Agreement.

Employee knowingly and voluntarily signs this Agreement.

1. Employee acknowledges receipt of this Agreement on this ____ day of, _______________, 20__;

____________________________ (Employee)

2. Employee acknowledges signing and, in signing, consenting to this Agreement on this ____ day of _______________, 20__;

____________________________ (Employee)

3. Employee acknowledges that the seven (7) day revocation period shall end, and this agreement shall be effective and enforceable as of the ____ day of _______________, 20__;

____________________________ (Employee)

(Name of Employing Company)

By:____

Title:_______________________________________

Date:_______________________________________

SEPARATION AGREEMENT "B"

[Name of Employing Company] ("Unit") and ______________________ ("Employee") hereby agree as follows:

Employee's employment will end on ______________________, 20__.

In consideration for Employee's agreement to the terms and conditions of this Separation Agreement ("Agreement"), Unit will pay to Employee a Separation Benefit of $_______________, in accordance with, and subject to the terms of the Separation Benefit Plan of Unit Corporation and Participating Subsidiaries (the "Plan").

Employee knows that state and federal laws, including the Age Discrimination in Employment Act and Title VII of the Civil Rights Act of 1964, as amended, prohibit employment discrimination based upon age, sex, race, color, national origin, religion, handicap, disability, or veteran status, and that these laws are enforced through the United States Equal Employment Opportunity Commission ("EEOC"), United States Department of Labor, State Human Rights Agencies and courts of competent jurisdiction.

EMPLOYEE IS ADVISED TO CONSULT WITH AN ATTORNEY PRIOR TO SIGNING THIS AGREEMENT.

EMPLOYEE HAS FORTY FIVE (45) DAYS AFTER RECEIVING THIS AGREEMENT, AND THE WRITTEN STATEMENT PROVIDED WITH THIS AGREEMENT, TO CONSIDER WHETHER TO SIGN THIS AGREEMENT.

AFTER SIGNING THIS AGREEMENT, EMPLOYEE HAS ANOTHER SEVEN (7) DAYS IN WHICH TO REVOKE CONSENT TO THIS AGREEMENT. THIS AGREEMENT DOES NOT TAKE EFFECT UNTIL THOSE SEVEN (7) DAYS HAVE PASSED.

EMPLOYEE ACKNOWLEDGES THAT, ALONG WITH THIS AGREEMENT, HE OR SHE HAS BEEN GIVEN A WRITTEN STATEMENT: (A) WHICH DESCRIBES THE CLASS, UNIT, OR GROUP OF INDIVIDUALS COVERED BY THE PLAN, ELIGIBILITY FACTORS UNDER THE PLAN, AND ANY TIME LIMITS APPLICABLE TO THE PLAN; AND (B) THE JOB TITLES AND AGES OF ALL INDIVIDUALS ELIGIBLE OR SELECTED FOR TERMINATION UNDER THE PLAN WITH THIS EMPLOYEE, AND THE AGES AND JOB TITLES OF ALL INDIVIDUALS IN THE SAME JOB CLASSIFICATION OR TITLE AS THOSE EMPLOYEES ELIGIBLE OR SELECTED FOR TERMINATION UNDER THE PLAN WHO ARE NOT ELIGIBLE OR SELECTED FOR TERMINATION.

In exchange for receipt of the Separation Benefit described above, to which Employee acknowledges he or she is not otherwise entitled, Employee forever releases and discharges Unit Corporation and its subsidiaries, their officers, directors, agents, employees, and affiliates from all claims, liabilities, and lawsuits arising out of Employee's employment or the termination of that employment, and agrees not to assert any such claim, liability or lawsuit. Employee agrees that this release and discharge includes any claim under the Age Discrimination in Employment Act and Title VII of the Civil Rights Act of 1964, as amended, and any claim under other federal, state or local statute or regulation relating to employment discrimination or employee benefits. Employee agrees that this release and discharge includes any claim under any other statute, regulation or common law rule relating to Employee's employment or termination of employment. This Agreement does not have any effect with respect to acts or events occurring after the date upon which Employee signs the Agreement. This Agreement does not limit any benefits to which Employee is entitled under any retirement plans, if any.

Employee agrees that he or she has carefully read and fully understands all the provision of this Agreement. This is the entire Agreement between the parties, and it is legally binding and enforceable.

Employee agrees that he or she has not relied upon any representation or statement, written or oral, not set forth in this Agreement when signing this Agreement.

This Agreement shall be governed and interpreted under federal law and the laws of the State of Oklahoma, notwithstanding such State's choice of law provisions. If any part of this Agreement is held by a court of competent jurisdiction to be void or voidable, such holding shall not apply to render void or voidable the provisions of this Agreement not encompassed in the court's holding. Where necessary to maintain this Agreement's validity, a court of competent jurisdiction may modify the terms of this Agreement to the extent necessary to effectuate its purposes as demonstrated by the terms and conditions stated herein.

Employee knowingly and voluntarily signs this Agreement.

1. Employee acknowledges receipt of this Agreement on this ____ day of, ________________, 20__;

_________________________ (Employee)

2. Employee acknowledges signing and, in signing, consenting to this Agreement on this ____ day of _______________, 20__;

__________________________ (Employee)

3. Employee acknowledges that the seven (7) day revocation period shall end, and this Agreement shall be effective and enforceable as of the ____ day of _______________, 20__;

____________________________ (Employee)

(Name of Employing Company)

By: _______________________________________

Title: ______________________________________

Date: ______________________________________

EX-15 3 exhibit15v2.htm EXHIBIT 15 - THIRD QUARTER 2007

Exhibit 15

November 1, 2007

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Commissioners:

We are aware that our report dated November 1, 2007 on our review of interim financial information of Unit Corporation for the three and nine month periods ended September 30, 2007 and 2006 and included in the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2007 is incorporated by reference in its registration statements on Form S-8 (File No.'s 33-19652, 33-44103, 33-49724, 33-64323, 33-53542, 333-38166, 333-39584, 333-135194 and 333-137857) and Form S-3 (File No.'s 333-104165 and 333-83551).

Very truly yours,

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

EX-31.1 4 exhibit311.htm EXHIBIT 31.1 - THIRD QUARTER 2007

Exhibit 31.1

302 CERTIFICATIONS

I, Larry D. Pinkston, certify that:

1. I have reviewed this quarterly report on form 10-Q of Unit Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2007

/s/ Larry D. Pinkston
LARRY D. PINKSTON
Chief Executive Officer
and Director

EX-31.2 5 exhibit312.htm EXHIBIT 31.2 - THIRD QUARTER 2007

Exhibit 31.2

SECTION 302 CERTIFICATIONS

I, David T. Merrill, certify that:

1. I have reviewed this quarterly report on form 10-Q of Unit Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2007

/s/ David T. Merrill
DAVID T. MERRILL
Chief Financial Officer
and Treasurer

EX-32 6 exhibit32.htm EXHIBIT 32 - THIRD QUARTER 2007

Exhibit 32

CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (SUBSECTIONS (A) AND (B) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Unit Corporation a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2007 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of September 30, 2007 and December 31, 2006 and for the three and nine month periods ended September 30, 2007 and 2006.

Dated: November 1, 2007

By: /s/ Larry D. Pinkston
Larry D. Pinkston
Chief Executive Officer and
Director

Dated: November 1, 2007

By: /s/ David T. Merrill
David T. Merrill
Chief Financial Officer and
Treasurer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Unit Corporation and will be retained by Unit Corporation and furnished to the Securities and Exchange Commission or its staff on request.