

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, 2018

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

UNIT CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

73-1283193

(I.R.S. Employer Identification No.)

8200 South Unit Drive, Tulsa, Oklahoma

(Address of principal executive offices)

74132

(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 has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes [x] No []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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

Smaller reporting company [] Emerging growth company []

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. []

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 19, 2018, 54,058,016 shares of the issuer's common stock were outstanding.

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Forward-Looking Statements

This report contains "forward-looking statements" – meaning, statements related to future events within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included or incorporated by reference in this document that addresses activities, events or developments we expect or anticipate will or may occur, are forward-looking statements. The words "believes," "intends," "expects," "anticipates," "projects," "estimates," "predicts," and similar expressions are used to identify forward-looking statements. This report modifies and supersedes documents filed by us before this report. In addition, certain information we file with the SEC will automatically update and supersede information in this report.

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

- the amount and nature of our future capital expenditures and how we expect to fund our capital expenditures;
- prices for oil, natural gas liquids (NGLs), and natural gas;
- demand for oil, NGLs, and natural gas;
- our exploration and drilling prospects;
- the estimates of our proved oil, NGLs, and natural gas reserves;
- oil, NGLs, and natural gas reserve potential;
- development and infill drilling potential;
- expansion and other development trends of the oil and natural gas industry;
- our business strategy;
- our plans to maintain or increase production of oil, NGLs, and natural gas;
- the number of 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;
- demand for our drilling rigs and drilling rig rates;
- our belief that the final outcome of legal proceedings involving us will not materially affect our financial results;
- our ability to timely secure third-party services used in completing our wells;
- our ability to transport or convey our oil or natural gas production to established pipeline systems;
- impact of federal and state legislative and regulatory actions affecting our costs and increasing operating restrictions or delays and other adverse impacts on our business;
- our projected production guidelines for the year;
- our anticipated capital budgets;
- our financial condition and liquidity;
- the number of wells our oil and natural gas segment plans to drill or rework during the year;
- our intended use of the proceeds from the sale of 50% of the interest we owned in our mid-stream segment; and
- our estimates of the amounts of any ceiling test write-downs or other potential asset impairments we may have to record in future periods.

These statements are based on assumptions and analyses made by us based on our experience and our perception of historical trends, current conditions, and expected future developments, and other factors we believe are appropriate in the circumstances. Whether actual results and developments will conform to our expectations and predictions is subject to several risks and uncertainties, any one or combination of which could cause our actual results to differ materially from our expectations and predictions, including:

- the risk factors discussed in this document and in the documents (if any) we incorporate by reference;
- general economic, market, or business conditions;
- the availability of and nature of (or lack of) business opportunities we pursue;
- demand for our land drilling services;
- changes in laws or regulations;
- changes in the current geopolitical situation;
- risks relating to financing, including restrictions in our debt agreements and availability and cost of credit;
- risks associated with future weather conditions;
- decreases or increases in commodity prices;
- putative class action lawsuits that may cause substantial expenditures and divert management's attention; and
- other factors, most of which are beyond our control.

You should not place undue reliance on these forward-looking statements. Except as required by law, we disclaim any 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 this document to reflect unanticipated events.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

UNIT CORPORATION AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2018	December 31, 2017
	(In thousands except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 91,557	\$ 701
Accounts receivable, net of allowance for doubtful accounts of \$2,450 at both September 30, 2018 and December 31, 2017, respectively	122,123	111,512
Materials and supplies	505	505
Current derivative asset (Note 10)	—	721
Prepaid expenses and other	9,419	6,233
Total current assets	223,604	119,672
Property and equipment:		
Oil and natural gas properties on the full cost method:		
Proved properties	5,901,661	5,712,813
Unproved properties not being amortized	332,886	296,764
Drilling equipment	1,632,540	1,593,611
Gas gathering and processing equipment	751,715	726,236
Saltwater disposal systems	67,074	62,618
Corporate land and building	59,081	59,080
Transportation equipment	29,103	29,631
Other	56,750	53,439
	8,830,810	8,534,192
Less accumulated depreciation, depletion, amortization, and impairment	6,325,160	6,151,450
Net property and equipment	2,505,650	2,382,742
Goodwill	62,808	62,808
Other assets	28,703	16,230
Total assets ⁽¹⁾	\$ 2,820,765	\$ 2,581,452

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

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

	September 30, 2018	December 31, 2017
	(In thousands except share amounts)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 143,552	\$ 112,648
Accrued liabilities (Note 5)	67,743	48,523
Income taxes payable	1,051	—
Current derivative liability (Note 10)	13,067	7,763
Current portion of other long-term liabilities (Note 6)	14,150	13,002
Total current liabilities	239,563	181,936
Long-term debt less debt issuance costs (Note 6)	643,921	820,276
Non-current derivative liability (Note 10)	1,542	—
Other long-term liabilities (Note 6)	101,410	100,203
Deferred income taxes	164,964	133,477
Commitments and contingencies (Note 12)	—	—
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, 54,063,705 and 52,880,134 shares issued as of September 30, 2018 and December 31, 2017, respectively	10,414	10,280
Capital in excess of par value	626,746	535,815
Accumulated other comprehensive income (loss) (Note 14)	(103)	63
Retained earnings	830,680	799,402
Total shareholders' equity attributable to Unit Corporation	1,467,737	1,345,560
Non-controlling interests in consolidated subsidiaries	201,628	—
Total shareholders' equity	1,669,365	1,345,560
Total liabilities ⁽¹⁾ and shareholders' equity	\$ 2,820,765	\$ 2,581,452

(1) Unit Corporation's consolidated total assets as of September 30, 2018 include total current and long-term assets of its variable interest entity (VIE) (Superior Pipeline Company, L.L.C.) of \$41.8 million and \$416.7 million, respectively, which can only be used to settle obligations of the VIE. Unit Corporation's consolidated total liabilities as of September 30, 2018 include total current and long-term liabilities of the VIE of \$38.6 million and \$16.1 million, respectively, for which the creditors of the VIE have no recourse to Unit Corporation. See Note 13 – Variable Interest Entity Arrangements.

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

UNIT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
(In thousands except per share amounts)				
Revenues:				
Oil and natural gas	\$ 111,623	\$ 85,470	\$ 317,040	\$ 256,241
Contract drilling	50,612	51,619	143,527	128,059
Gas gathering and processing	57,823	51,399	167,926	150,493
Total revenues	220,058	188,488	628,493	534,793
Expenses:				
Operating costs:				
Oil and natural gas	32,139	33,911	100,519	95,873
Contract drilling	32,032	34,747	95,593	91,213
Gas gathering and processing	43,134	38,116	124,441	111,862
Total operating costs	107,305	106,774	320,553	298,948
Depreciation, depletion, and amortization	63,537	54,533	178,976	151,545
General and administrative	9,278	9,235	28,752	26,902
Gain on disposition of assets	(253)	(81)	(575)	(1,153)
Total operating expenses	179,867	170,461	527,706	476,242
Income from operations	40,191	18,027	100,787	58,551
Other income (expense):				
Interest, net	(7,945)	(9,944)	(25,678)	(28,807)
Gain (loss) on derivatives	(4,385)	(2,614)	(25,608)	21,019
Other, net	6	5	17	14
Total other income (expense)	(12,324)	(12,553)	(51,269)	(7,774)
Income before income taxes	27,867	5,474	49,518	50,777
Income tax expense:				
Deferred	6,744	1,769	12,380	22,084
Total income taxes	6,744	1,769	12,380	22,084
Net income	21,123	3,705	37,138	28,693
Net income attributable to non-controlling interest	2,224	—	4,586	—
Net income attributable to Unit Corporation	18,899	3,705	32,552	28,693
Net income attributable to Unit Corporation per common share:				
Basic	\$ 0.36	\$ 0.07	\$ 0.63	\$ 0.56
Diluted	\$ 0.36	\$ 0.07	\$ 0.62	\$ 0.56

The accompanying notes are an integral part of these
unaudited 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,	
	2018	2017	2018	2017
	(In thousands)			
Net income	\$ 21,123	\$ 3,705	\$ 37,138	\$ 28,693
Other comprehensive income (loss), net of taxes:				
Unrealized gain (loss) on securities, net of tax of (\$13), \$20, (\$60) and \$32	(38)	33	(179)	53
Comprehensive income	21,085	3,738	36,959	28,746
Less: Comprehensive income attributable to non-controlling interest	2,224	—	4,586	—
Comprehensive income attributable to Unit Corporation	\$ 18,861	\$ 3,738	\$ 32,373	\$ 28,746

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

UNIT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

	Shareholders' Equity Attributable to Unit Corporation				Non-controlling Interest in Consolidated Subsidiaries	Total
	Common Stock	Capital In Excess of Par Value	Accumulated Other Comprehensive Income	Retained Earnings		
	(In thousands except per share amounts)					
Balances, December 31, 2017	\$ 10,280	\$ 535,815	\$ 63	\$ 799,402	\$ —	\$ 1,345,560
Cumulative effect adjustment for adoption of ASUs (Notes 1 and 2)	—	—	13	(1,274)	—	(1,261)
Net income	—	—	—	32,552	4,586	37,138
Other comprehensive loss (net of tax of (\$60))	—	—	(179)	—	—	(179)
Total comprehensive income						36,959
Contributions	—	102,958	—	—	197,042	300,000
Transaction costs associated with sale of non-controlling interest	—	(2,303)	—	—	—	(2,303)
Tax effect of the sale of non- controlling interest	—	(24,300)	—	—	—	(24,300)
Activity in employee compensation plans (1,183,571 shares)	134	14,576	—	—	—	14,710
Balances, September 30, 2018	\$ 10,414	\$ 626,746	\$ (103)	\$ 830,680	\$ 201,628	\$ 1,669,365

	Shareholders' Equity Attributable to Unit Corporation					Non-controlling Interest in Consolidated Subsidiaries	Total
	Common Stock	Capital In Excess of Par Value	Accumulated Other Comprehensive Income	Retained Earnings			
	(In thousands except per share amounts)						
Balances, December 31, 2016	\$ 10,016	\$ 502,500	\$ —	\$ 681,554	\$ —	\$ 1,194,070	
Net income	—	—	—	28,693	—	28,693	
Other comprehensive income (net of tax of \$32)	—	—	53	—	—	53	
Total comprehensive income						28,746	
Activity in employee compensation plans (1,385,342 shares)	261	28,828	—	—	—	29,089	
Balances, September 30, 2017	\$ 10,277	\$ 531,328	\$ 53	\$ 710,247	\$ —	\$ 1,251,905	

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

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

	Nine Months Ended	
	September 30,	
	2018	2017
	(In thousands)	
OPERATING ACTIVITIES:		
Net income	\$ 37,138	\$ 28,693
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	178,976	151,545
Amortization of debt issuance costs and debt discount (Note 6)	1,645	1,616
(Gain) loss on derivatives (Note 10)	25,608	(21,019)
Cash payments on derivatives settled, net (Note 10)	(18,040)	(729)
Deferred tax expense	12,380	22,084
Gain on disposition of assets	(575)	(1,153)
Stock compensation plans	17,397	12,478
Contract assets and liabilities, net (Note 2)	(3,671)	—
Other, net	2,835	1,397
Changes in operating assets and liabilities increasing (decreasing) cash:		
Accounts receivable	(15,558)	(36,381)
Accounts payable	(14,867)	4,873
Material and supplies	—	17
Income taxes	—	(15)
Accrued liabilities	16,242	20,280
Other, net	(2,975)	1,106
Net cash provided by operating activities	236,535	184,792
INVESTING ACTIVITIES:		
Capital expenditures	(304,054)	(167,392)
Producing properties and other acquisitions	(769)	(55,429)
Proceeds from disposition of assets	25,316	20,137
Other	—	(1,500)
Net cash used in investing activities	(279,507)	(204,184)
FINANCING ACTIVITIES:		
Borrowings under credit agreement	71,200	251,401
Payments under credit agreement	(249,200)	(250,100)
Payments on capitalized leases	(2,869)	(2,967)
Proceeds from common stock issued, net of issue costs (Note 14)	—	18,623
Proceeds from investments of non-controlling interest	300,000	—
Transaction costs associated with sale of non-controlling interest	(2,303)	—
Book overdrafts	17,000	2,364
Net cash provided by financing activities	133,828	19,321
Net increase (decrease) in cash and cash equivalents	90,856	(71)
Cash and cash equivalents, beginning of period	701	893
Cash and cash equivalents, end of period	\$ 91,557	\$ 822

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

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

	Nine Months Ended	
	September 30,	
	2018	2017
	(In thousands)	
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest paid (net of capitalized)	14,418	14,601
Income taxes	3,600	—
Changes in accounts payable and accrued liabilities related to purchases of property, plant, and equipment	(28,770)	(20,122)
Non-cash (addition) reduction to oil and natural gas properties related to asset retirement obligations	8,546	(3,203)

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

UNIT CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed consolidated financial statements in this 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," "us," or like terms refer to Unit Corporation, a Delaware corporation, and one or more of its subsidiaries and affiliates, except as otherwise indicated or as the context otherwise requires. We consolidate the activities of Superior Pipeline Company, L.L.C. (Superior), a 50/50 joint venture between Unit Corporation and SP Investor Holdings, LLC, which qualifies as a VIE under generally accepted accounting principles in the United States (GAAP). We have concluded that we are the primary beneficiary of the VIE, as defined in the accounting standards, since we have the power, through our 50% ownership, to direct those activities that most significantly affect the economic performance of Superior as further described in Note 13 – Variable Interest Entity Arrangements.

The condensed consolidated financial statements are unaudited and do not include all the notes in our annual financial statements. This report should be read with the audited consolidated financial statements and notes in our Form 10-K, filed February 27, 2018, for the year ended December 31, 2017 as amended by our Form 10-K/A filed on August 6, 2018.

In the opinion of our management, the unaudited condensed consolidated financial statements contain all normal recurring adjustments (including the elimination of all intercompany transactions) necessary to fairly state:

- Balance Sheets at September 30, 2018 and December 31, 2017;
- Income Statements for the three and nine months ended September 30, 2018 and 2017;
- Statements of Comprehensive Income for the three and nine months ended September 30, 2018 and 2017;
- Statements of Changes in Shareholders' Equity for the nine months ended September 30, 2018 and 2017; and
- Statements of Cash Flows for the nine months ended September 30, 2018 and 2017.

Our financial statements are prepared in conformity with GAAP, which requires us to make certain estimates and assumptions that may affect the amounts reported in our unaudited condensed consolidated financial statements and notes. Actual results may differ from those estimates. Results for the nine months ended September 30, 2018 and 2017 are not necessarily indicative of the results we may realize for the full year of 2018, or that we realized for the full year of 2017.

Accounting Changes - Recent Accounting Pronouncements - Adopted

As of January 1, 2018, we adopted ASU 2018-02 *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. This standard is explained further in Note 8 - New Accounting Pronouncements. We adopted this amendment early and it had no material effect to our financial statements. We previously used 37.75% to calculate the tax effect on AOCI and we now use 24.5%. This change is reflected in our Unaudited Condensed Consolidated Statements of Comprehensive Income and in Note 14 - Equity.

Also, as of January 1, 2018, we adopted ASU 2014-09 *Revenue from Contracts with Customers - Topic 606* (ASC 606) and all later amendments that modified ASC 606. This new revenue standard is explained further in Note 8 – New Accounting Pronouncements. We elected to apply this standard on the modified retrospective approach method to contracts not completed as of January 1, 2018, where the cumulative effect on adoption, which only affected our mid-stream segment, is recognized as an adjustment to opening retained earnings at January 1, 2018. This adjustment related to the timing of revenue recognition for certain demand fees. Our oil and natural gas and contract drilling segments had no retained earnings adjustment. Comparative prior periods have not been adjusted and continue to be reported under ASC 605.

The additional disclosures required by the ASU are included in Note 2 – Revenue from Contracts with Customers.

NOTE 2 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Our revenue streams are reported under three segments: oil and natural gas, contract drilling, and mid-stream. This is our disaggregation of revenue and how our segment revenue is reported (as reflected in Note 15 – Industry Segment Information). Revenue from the oil and natural gas segment is derived from sales of our oil and natural gas production. Revenue from the contract drilling segment is derived by contracting with upstream companies to drill an agreed-on number of wells or provide

drilling rigs and services over an agreed-on time period. Revenue from the mid-stream segment is derived from gathering, transporting, and processing natural gas production and selling those commodities. We sell the hydrocarbons (from the oil and natural gas and mid-stream segments) to mid-stream and downstream oil and gas companies.

We satisfy the performance obligation under each segment's contracts as follows: for the contract drilling and mid-stream contracts, we satisfy the performance obligation over the agreed-on time within the contracts, and for oil and natural gas contracts, we satisfy the performance obligation with each delivery of volumes. For oil and natural gas contracts, as it is more feasible, we account for these deliveries monthly. Per the contracts for all segments, customers pay for the services/goods received monthly within an agreed on number of days following the end of the month. Besides the mid-stream demand fees discussed further below, there were no other contract assets or liabilities falling within the scope of this accounting pronouncement.

Oil and Natural Gas Contracts, Revenues, Implementation Impact to Retained Earnings, and Performance Obligations

Typical types of revenue contracts signed by our segments are Oil Sales Contracts, Gas Purchase Agreements, North American Energy Standards Board (NAESB) Contracts, Gas Gathering and Processing Agreements, and revenues earned as the non-operated party with the operator serving as an agent on our behalf under our Joint Operating Agreements. Contract term can range from a single month to a term spanning a decade or more; some may also include evergreen provisions. Revenues from sales we make are recognized when our customer obtains control of the sold product. For sales to other mid-stream and downstream oil and gas companies, this would occur at a point in time, typically on delivery to the customer. Sales generated from our non-operated interest are recorded based on the information obtained from the operator. Our adoption of this standard required no adjustment to opening retained earnings.

Certain costs—as either a deduction from revenue or as an expense—is determined based on when control of the commodity is transferred to our customer, which would affect our total revenue recognized, but will not affect gross profit. For example, gathering, processing and transportation costs included as part of the contract price with the customer on transfer of control of the commodity are included in the transaction price, while costs incurred while we are in control of the commodity represent operating costs. The impact of the adoption of ASC 606 did not impact income from operations or net income for the three or nine months ended September 30, 2018. These tables summarize the impact of the adoption of ASC 606 on revenue and operating costs for the three and nine months ended September 30, 2018, respectively:

Three Months Ended September 30, 2018			
	As Reported	Adjustments due to ASC 606	Amounts without the Adoption of ASC 606
	(In thousands)		
Oil and natural gas revenues	\$ 111,623	\$ (5,200)	\$ 116,823
Oil and natural gas operating costs	32,139	(5,200)	37,339
Gross profit	\$ 79,484	\$ —	\$ 79,484
Nine Months Ended September 30, 2018			
	As Reported	Adjustments due to ASC 606	Amounts without the Adoption of ASC 606
	(In thousands)		
Oil and natural gas revenues	\$ 317,040	\$ (12,102)	\$ 329,142
Oil and natural gas operating costs	100,519	(12,102)	112,621
Gross profit	\$ 216,521	\$ —	\$ 216,521

Our performance obligation for all commodity contracts is the delivery of oil and gas volumes to the customer. Typically, the contract is for a specified period (for example, a month or a year); however, each delivery under that contract can be considered separately identifiable since each delivery provides benefits to the customer on its own. For feasibility, as accounting for a monthly performance obligation is not materially different than identifying a more granular performance obligation, we conclude this performance obligation is satisfied monthly. We typically receive a payment within a set number of days following the end of the month which includes payment for all deliveries in that month. Depending on contract circumstances, judgment could be required to determine when the transfer of control occurs. Generally, depending of the facts

and circumstances, we consider the transfer of control of the asset in a commodity sale to occur at the point the commodity transfers to our purchaser.

Most of the consideration received by us for oil and gas sales is variable. Most of our contracts state the consideration is calculated by multiplying a variable quantity by an agreed-on index price less deductions related to gathering, transportation, fractionation, and related fuel charges. There are also instances where the consideration is quantity multiplied by a weighted average sales price. These different pricing tools can change the perception of when control transfers; however, when analyzed with other control factors, typically the accounting conclusion is the same for both pricing methods. In these instances, the variable consideration is partially constrained. In addition, all variable consideration is settled at the end of the month; therefore, whether the variability is constrained does not affect accounting for revenue under ASC 606 as the variability is known prior to each reporting period. An estimation and allocation of transaction price and future obligations are not required.

Contract Drilling Contracts, Revenues, Implementation impact to retained earnings, and Performance Obligations

The contracts our drilling segment uses are primarily industry standard IADC contracts model year 2003 and 2013. Contract terms range from six months to three or more years or can be based on terms to drill a specific number of wells. The allocation rules in ASC 606 (called the "series guidance") provide that a contract may contain a single performance obligation composed of a series of distinct goods or services if 1) each distinct good or service is substantially the same and would meet the criteria to be a performance obligation satisfied over time and 2) each distinct good or service is measured using the same method as it relates to the satisfaction of the overall performance obligation. We have determined that the delivery of drilling services is within the scope of the series guidance as both criteria noted above are met. Specifically, 1) each distinct increment of service (i.e. hour available to drill) that the drilling contractor promises to transfer represents a performance obligation that would meet the criteria for recognizing revenue over time, and 2) the drilling contractor would use the same method for measuring progress toward satisfaction of the performance obligation for each distinct increment of service in the series. At inception, the total transaction price will be estimated to include any applicable fixed consideration, unconstrained variable consideration (estimated day rate mobilization and demobilization revenue, estimated operating day rate revenue to be earned over the contract term, expected bonuses (if material and can be reasonably estimated without significant reversal), and penalties (if material and can be reasonably estimated without significant reversal)). Allocation rules under this new standard allow us to recognize revenues associated with our drilling contracts in materially the same manner as under the previous revenue accounting standard. A contract liability will be recorded for consideration received before the corresponding transfer of services. Those liabilities will generally only arise in relation to upfront mobilization fees paid in advance and are allocated/recognized over the entire performance obligation. Such balances will be amortized over the recognition period based on the same method of measure used for revenue. On adoption of the standard, no adjustment to opening retained earnings was required.

Our performance obligation for all drilling contracts is to drill the agreed-on number of wells or drill over an agreed-on period as stated in the contract. Any mobilization and demobilization activities are not considered distinct within the context of the contract and therefore, any associated revenue is allocated to the overall performance obligation of drilling services and recognized ratably over the initial term of the related drilling contract. It typically takes from 10 to 90 days to complete drilling a well; therefore, depending on the number of wells under a contract, the contract term could be up to three years. Most of the drilling contracts are for less than one year. As the customer simultaneously receives and consumes the benefits provided by the company's performance, and the company's performance enhances an asset that the customer controls, the performance obligation to drill the well occurs over time. We typically receive payment within a set number of days following the end of the month and that payment includes payment for all services performed during that month (calculated on an hourly basis). The company satisfies its overall performance obligation when the well included in the contract is drilled to an agreed-on depth or by a set date.

All consideration received for contract drilling is variable, excluding termination fees, which we have concluded will not apply to our contracts as of the reporting date. The consideration is calculated by multiplying a variable quantity (number of days/hours) by an agreed-on daily price (for the daily rate, mobilization and demobilization revenue). Other revenue items under the contract may include bonus/penalty revenue, reimbursable revenue, drilling fluid rates, and early termination fees. All variable consideration is not constrained but is settled at the end of the month; therefore, whether the variability is constrained or not does not affect accounting for revenue under ASC 606 as the variability is known before each reporting period excluding certain bonuses/penalties which might be based on activity that occurs over the entire term of the contract. We have evaluated the mobilization and de-mobilization charges on outstanding contracts, however, the impact to the financial statements was immaterial. As of September 30, 2018, we had 34 contract drilling contracts (21 of which are long-term) for a duration of two months to almost three years.

Under the guidance in relation to disclosures regarding the remaining performance obligations, there is a practical expedient for contracts with an original expected duration of one year or less (ASC 606-10-50-14) and for contracts where the entity can recognize revenue as invoiced (ASC 606-10-55-18). The majority of our drilling contracts have an original term of less than one year; however, the remaining performance obligations under the contracts that have a longer duration are not material.

Mid-stream Contracts Revenues, and Implementation impact to retained earnings, and Performance Obligations

Revenues are generated from the fees earned for gas gathering and processing services provided to a customer. The typical revenue contracts used by this segment are gas gathering and processing agreements. Contract terms range from a single month to terms spanning a decade or more, some include evergreen provisions. Fees for mid-stream services (gathering, transportation, processing) are performance obligations and meet the criteria of over time recognition which could be considered a series of distinct performance obligations that represents one overall performance obligation of gas gathering and processing services.

On adoption of the standard, an adjustment to opening retained earnings was made for \$1.7 million (\$1.3 million, net of tax). This adjustment—related to the timing of revenue recognized on certain demand fees—impacted our Unaudited Condensed Consolidated Balance Sheet (for the periods indicated) as follows:

	Balance at December 31, 2017	Adjustments due to ASC 606	Balance at January 1, 2018
(In thousands)			
Assets:			
Other assets	\$ 16,230	\$ 10,798	\$ 27,028
Liabilities and shareholders' equity:			
Current portion of other long-term liabilities	13,002	2,748	15,750
Other long-term liabilities	100,203	9,737	109,940
Deferred income taxes	133,477	(413)	133,064
Retained earnings	799,402	(1,274)	798,128

At September 30, 2018:

	As Reported	Adjustments due to ASC 606	Amounts without the Adoption of ASC 606
(In thousands)			
Assets:			
Prepaid expenses and other	\$ 9,419	\$ 206	\$ 9,213
Other assets	28,703	12,383	16,320
Liabilities and shareholders' equity:			
Current portion of other long-term liabilities	14,150	2,874	11,276
Other long-term liabilities	101,410	7,731	93,679
Deferred income taxes	164,964	486	164,478
Retained earnings	830,680	1,498	829,182

For the three months ended September 30, 2018:

	As Reported	Adjustments due to ASC 606	Amounts without the Adoption of ASC 606
	(In thousands)		
Gas gathering and processing revenues	\$ 57,823	\$ 1,300	\$ 56,523
Deferred income tax expense	6,744	318	6,426
Net income	21,123	982	20,141

This adjustment related to the timing of revenue recognized on certain demand fees and had the following impact to the Unaudited Condensed Consolidated Income Statement for the nine months ended September 30, 2018:

	As Reported	Adjustments due to ASC 606	Amounts without the Adoption of ASC 606
	(In thousands)		
Gas gathering and processing revenues	\$ 167,926	\$ 3,671	\$ 164,255
Deferred income tax expense	12,380	899	11,481
Net income	37,138	2,772	34,366

The only fixed consideration related to mid-stream consideration is a demand fee calculated by multiplying an agreed-on price by a fixed number of volumes per month over a specified term in the contract.

Included below is the additional fixed revenue we will earn over the remaining term of the contracts and excludes all variable consideration to be earned with the associated contract.

Contract	Remaining Term of Contract	October - December 2018	2019	2020	2021	2022	Total Remaining Impact to Revenue
(In thousands)							
Demand fee contracts	4-5 years	\$ 1,299	\$ 2,632	\$ (3,781)	\$ (3,507)	\$ 1,374	\$ (1,983)

Before implementing ASC 606, we immediately recognized the entire demand fee since the fee was payable within the first five years from the effective date of the contract and not over the entire term of the contract. However, as the demand fee does not specifically relate to a distinct performance obligation, under the new standard that amount should now be recognized over the life of the contract. Therefore, the demand fee previously recognized for \$1.7 million (\$1.3 million, net of tax) was adjusted to retained earnings as of January 1, 2018 and will be recognized over the remaining term of the contract. As this amount is fixed, recognition of the remaining portion will be stable. Besides the demand fee, there were no other contract assets or liabilities (see above for the balance sheet line items where they are reported). For the three and nine months ended September 30, 2018, \$1.3 million and \$3.7 million, respectively, was recognized in revenue for these demand fees.

	September 30, 2018	January 1, 2018	Change
	(In thousands)		
Contract assets	\$ 12,589	\$ 10,798	\$ 1,791
Contract liabilities	10,605	12,485	(1,880)
Contract assets (liabilities), net	\$ 1,984	\$ (1,687)	\$ 3,671

Our performance obligations for all contracts is to gather, transport, or process an agreed-on number of volumes as stated in the contract. Typically, the contract will establish a period over which the company will perform the mid-stream services. Certain contracts also include an agreed-on quantity (or an agreed-on minimum quantity) of volumes that the company will deliver or service. The term under mid-stream service contracts is typically five to ten years. Under service contracts, as the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs, the performance obligation to gather, transport, or process occurs over time. We typically receive payment within a set number of

days following the end of the month and includes payment for all services performed that month. Our overall performance obligation is satisfied at the end of the contract term.

Most of the consideration received under mid-stream service contracts is variable. The consideration is calculated by multiplying a variable quantity (number of volumes) by an agreed-on price per MCF (commodity fee and the gathering fee). One fixed component of revenue is calculated by multiplying an agreed-on price by a certain volume commitment (MCF per day). Other revenue items may include shortfall fees. All variable consideration is settled at the end of the month; therefore, whether or not the variability is constrained does not affect accounting for revenue under ASC 606 as the variability is known before each reporting period. However, this excludes the shortfall fee as this fee could be based on a set number of volumes over the course of more than one month.

Per the new guidance related to disclosures for remaining performance obligations, there is a practical expedient for contracts with an original expected duration of one year or less (ASC 606-10-50-14). There is also a practical expedient for "variable consideration [that] is allocated entirely to a wholly unsatisfied performance obligation... that forms part of a single performance obligation... for which the criteria in paragraph 606-10-32-40 have been met" (ASC 606-10-50-14A). As stated previously, the contract term for mid-stream services is typically longer than one year. However, based on the guidance at 606-10-32-40, we determined some of the variable payment in mid-stream service agreements specifically relates to the entity's efforts to satisfy the performance obligation and that "allocating the variable amount entirely to the distinct good or service is consistent with the allocation objective in paragraph 606-10-32-28." Therefore, the practical expedient relates to this variable consideration: the commodity fee and the gathering fee. The last time we received a shortfall fee was in 2016 and the amount was immaterial to total mid-stream revenues. These terms have historically been limited in our contracts.

We calculate revenue earned from the variable consideration related to mid-stream services by multiplying the number of volumes serviced times an agreed-on price. Therefore, the variable portion of this consideration is due to the change in volumes. This variability is resolved at the end of each month as the company will know the number of volumes serviced under each contract and payment is received monthly. The mid-stream gathering service contracts remaining are for a duration of less than one year to 15 years.

While long term service contracts are in place as of the reporting date, due to the variable volumes an estimation and allocation of transaction price and future obligations are not required.

NOTE 3 – DIVESTITURES

Divestitures

Oil and Natural Gas

We sold non-core oil and natural gas assets, net of related expenses, for \$22.3 million during the first nine months of 2018, compared to \$18.0 million during the first nine months of 2017. Proceeds from those sales reduced the net book value of our full cost pool with no gain or loss recognized.

Mid-Stream

On April 3, 2018, we sold 50% of the ownership interest in our mid-stream segment, Superior. The purchaser is SP Investor Holdings, LLC, a holding company jointly owned by OPTrust and funds managed and/or advised by Partners Group, a global private markets investment manager. We received \$300.0 million because of this sale. A portion of the proceeds were used to pay down our bank debt and the remainder will accelerate the drilling program of our upstream subsidiary, Unit Petroleum Company, make additional capital investments in the jointly owned Superior, and for general working capital purposes. In connection with the sale of the interest in Superior, we took the necessary actions under the Indenture governing our outstanding senior subordinated notes to secure the ability to close the sale and have Superior released from the Indenture.

Superior will be governed and managed under its Amended and Restated Limited Liability Company Agreement and the Master Services and Operating Agreement (MSA) signed by Superior and an affiliate of Unit, as both agreements may be amended occasionally. Further details are in Note 13 – Variable Interest Entity Arrangements.

NOTE 4 – EARNINGS PER SHARE

Information related to the calculation of earnings per share attributable to Unit Corporation follows:

	Earnings (Numerator)	Weighted Shares (Denominator)	Per-Share Amount
(In thousands except per share amounts)			
For the three months ended September 30, 2018			
Basic earnings attributable to Unit Corporation per common share	\$ 18,899	52,068	\$ 0.36
Effect of dilutive stock options and restricted stock	—	1,072	—
Diluted earnings attributable to Unit Corporation per common share	\$ 18,899	53,140	\$ 0.36
For the three months ended September 30, 2017			
Basic earnings attributable to Unit Corporation per common share	\$ 3,705	51,386	\$ 0.07
Effect of dilutive stock options, restricted stock, and stock appreciation rights (SARs)	—	586	—
Diluted earnings attributable to Unit Corporation per common share	\$ 3,705	51,972	\$ 0.07

The following table shows the number of stock options and SARs (and their average exercise price) excluded because their option exercise prices were greater than the average market price of our common stock:

	Three Months Ended September 30,	
	2018	2017
Stock options and SARs	66,500	178,755
Average exercise price	\$ 44.42	\$ 47.75

	Earnings (Loss) (Numerator)	Weighted Shares (Denominator)	Per-Share Amount
(In thousands except per share amounts)			
For the nine months ended September 30, 2018			
Basic earnings attributable to Unit Corporation per common share	\$ 32,552	51,951	\$ 0.63
Effect of dilutive stock options and restricted stock	—	808	(0.01)
Diluted earnings attributable to Unit Corporation per common share	\$ 32,552	52,759	\$ 0.62
For the nine months ended September 30, 2017			
Basic earnings attributable to Unit Corporation per common share	\$ 28,693	51,019	\$ 0.56
Effect of dilutive stock options, restricted stock, and SARs	—	550	—
Diluted earnings attributable to Unit Corporation per common share	\$ 28,693	51,569	\$ 0.56

The following table shows the number of stock options and SARs (and their average exercise price) excluded because their option exercise prices were greater than the average market price of our common stock:

	Nine Months Ended September 30,	
	2018	2017
Stock options and SARs	66,500	178,755
Average exercise price	\$ 44.42	\$ 47.75

NOTE 5 – ACCRUED LIABILITIES

Accrued liabilities consisted of:

	September 30, 2018	December 31, 2017
	(In thousands)	
Employee costs	\$ 17,880	\$ 19,521
Interest payable	17,446	6,745
Lease operating expenses	11,474	11,819
Taxes	10,317	3,404
Derivative settlements	3,383	—
Third-party credits	2,099	2,240
Other	5,144	4,794
Total accrued liabilities	<u>\$ 67,743</u>	<u>\$ 48,523</u>

NOTE 6 – LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES

Long-Term Debt

Our long-term debt as of the dates indicated consisted of the following:

	September 30, 2018	December 31, 2017
	(In thousands)	
Unit credit agreement with an average interest rate of 3.4% at December 31, 2017	\$ —	\$ 178,000
Superior credit agreement	—	—
6.625% senior subordinated notes due 2021	650,000	650,000
Total principal amount	650,000	828,000
Less: unamortized discount	(1,780)	(2,234)
Less: debt issuance costs, net	(4,299)	(5,490)
Total long-term debt	<u>\$ 643,921</u>	<u>\$ 820,276</u>

Unit Credit Agreement. On October 18, 2018, we signed a Fifth Amendment to our Senior Credit Agreement (Unit credit agreement) originally scheduled to mature on April 10, 2020. The details of this amendment are discussed in Note 17 – Subsequent Events and have not been incorporated into the discussion of the Unit credit agreement immediately below.

On April 2, 2018, we entered into a fourth amendment to the Unit credit agreement (Fourth Amendment). The Fourth Amendment provided, among other things, for a reduction of the maximum credit amount from \$875.0 million to \$425.0 million, a reduction in the borrowing base from \$475.0 million to \$425.0 million, a reduction in the total commitment amount from \$475.0 million to \$425.0 million; and the full release of Superior and its subsidiaries as a borrower and co-obligor under the Unit credit agreement. Under the amendment, once the sale of the interest in Superior was completed, we had to use part of the proceeds to pay down the Unit credit agreement. The Superior sale closed on April 3, 2018 and the pay down was made that day.

On May 2, 2018, the company signed a Pledge Agreement with BOKF, NA (dba Bank of Oklahoma), as administrative agent to benefit the secured parties, under which we granted a security interest in the limited liability membership interests and other equity interests we own in Superior (which as of this report is 50% of the aggregate outstanding equity interests of Superior) as additional collateral for our obligations under the Unit credit agreement.

We are charged a commitment fee of 0.50% on the amount available but not borrowed. That fee varies based on the amount borrowed as a percentage of the total borrowing base. We paid \$1.0 million in previous origination, agency, syndication, and other related fees. We incurred no additional fees related to the fourth amendment. We are amortizing these fees over the life of the Unit credit agreement. Under the Unit credit agreement, we have pledged as collateral 85% of the proved developed producing (discounted as present worth at 8%) total value of our oil and gas properties.

The borrowing base amount is subject to redetermination by the lenders on April 1st and October 1st of each year and is based on a percentage of the discounted future value of our oil and natural gas reserves. We or the lenders may request a onetime special redetermination of the borrowing base between each scheduled redetermination. In addition, we may request a redetermination following the completion of an acquisition that meets the requirements in the Unit credit agreement.

At our election, any part of the outstanding debt under the Unit credit agreement can be fixed at a London Interbank Offered Rate (LIBOR). LIBOR interest is computed as the LIBOR base for the term plus 2.00% to 3.00% depending on the level of debt as a percentage of the borrowing base and is payable at the end of each term, or every 90 days, whichever is less. Borrowings not under LIBOR bear interest at the prime rate specified in the Unit credit agreement but in no event less than LIBOR plus 1.00% plus a margin. Interest is payable at the end of each month and the principal may be repaid in whole or in part at any time, without a premium or penalty. At September 30, 2018, we had no outstanding borrowings under the Unit credit agreement.

We can use borrowings for financing general working capital requirements for (a) exploration, development, production, and acquisition of oil and gas properties, (b) acquisitions and operation of mid-stream assets up to certain limits, (c) issuance of standby letters of credit, (d) contract drilling services and acquisition of contract drilling equipment, and (e) general corporate purposes.

The Unit credit agreement prohibits, among other things:

- the payment of dividends (other than stock dividends) during any fiscal year over 30% of our consolidated net income for the preceding fiscal year;
- the incurrence of additional debt with certain limited exceptions;
- the creation or existence of mortgages or liens, other than those in the ordinary course of business and with certain limited exceptions, on any of our properties, except in favor of our lenders; and
- investments in Unrestricted Subsidiaries (as defined in the Unit credit agreement) over \$200.0 million.

Effective September 30, 2018, the Unit credit agreement also requires that we have at the end of each quarter:

- a current ratio (as defined in the credit agreement) of not less than 1 to 1.
- a leverage ratio of funded debt to consolidated EBITDA (as defined in the Unit credit agreement) for the most recently ended rolling four fiscal quarters of no greater than 4 to 1.

As of September 30, 2018, we were in compliance with the Unit credit agreement covenants.

Superior Credit Agreement. On May 10, 2018, Superior signed a five-year, \$200.0 million senior secured revolving credit facility with an option to increase the credit amount up to \$250.0 million, subject to certain conditions (Superior credit agreement). The amounts borrowed under the Superior credit agreement bear annual interest at a rate, at Superior's option, equal to (a) LIBOR plus the applicable margin of 2.00% to 3.25% or (b) the alternate base rate (greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate, and (iii) third day LIBOR plus 1.00%) plus the applicable margin of 1.00% to 2.25%. The obligations under the Superior credit agreement are secured by, among other things, mortgage liens on certain of Superior's processing plants and gathering systems.

Superior is charged a commitment fee of 0.375% on the amount available but not borrowed which varies based on the amount borrowed as a percentage of the total borrowing base. Superior paid \$1.7 million in origination, agency, syndication, and other related fees. These fees are being amortized over the life of the Superior credit agreement.

The Superior credit agreement requires that Superior maintain a Consolidated EBITDA to interest expense ratio for the most-recently ended rolling four quarters of at least 2.50 to 1.00, and a funded debt to Consolidated EBITDA ratio of not greater than 4.00 to 1.00. The Superior credit agreement also contains several customary covenants that restrict (subject to certain exceptions) Superior's ability to incur additional indebtedness, create additional liens on its assets, make investments, pay distributions, sign sale and leaseback transactions, engage in certain transactions with affiliates, engage in mergers or consolidations, sign hedging arrangements, and acquire or dispose of assets. As of September 30, 2018, Superior was in compliance with the Superior credit agreement covenants.

The borrowings under the Superior credit agreement will fund capital expenditures and acquisitions, provide general working capital, and for letters of credit for Superior.

On June 27, 2018, Superior and the lenders amended the Superior credit agreement to revise certain definitions in the agreement.

Superior's credit agreement is not guaranteed by Unit.

6.625% Senior Subordinated Notes. We have an aggregate principal amount of \$650.0 million, 6.625% senior subordinated notes (the Notes) outstanding. Interest on the Notes is payable semi-annually (in arrears) on May 15 and November 15 of each year. The Notes mature on May 15, 2021. In issuing the Notes, we incurred fees of \$14.7 million that are being amortized as debt issuance cost over the life of the Notes.

The Notes are subject to an Indenture dated as of May 18, 2011, between us and Wilmington Trust, National Association (successor to Wilmington Trust FSB), as Trustee (the Trustee), as supplemented by the First Supplemental Indenture dated as of May 18, 2011, between us, the Guarantors, and the Trustee, and as further supplemented by the Second Supplemental Indenture dated as of January 7, 2013, between us, the Guarantors, and the Trustee (as supplemented, the 2011 Indenture), establishing the terms of and providing for issuing the Notes. The Guarantors are most of our direct and indirect subsidiaries. The discussion of the Notes in this report is qualified by and subject to the actual terms of the 2011 Indenture.

Unit, as the parent company, has no significant independent assets or operations. The guarantees by the Guarantors of the Notes (registered under registration statements) are full and unconditional, joint and several, subject to certain automatic customary releases, are subject to certain restrictions on the sale, disposition, or transfer of the capital stock or substantially all of the assets of a subsidiary guarantor, and other conditions and terms set out in the 2011 Indenture. Effective April 3, 2018, Superior is no longer a Guarantor of the Notes. Any of our other subsidiaries that are not Guarantors are minor. There are no significant restrictions on our ability to receive funds from any of our subsidiaries through dividends, loans, advances, or otherwise.

We may redeem all or, occasionally, a part of the Notes at certain redemption prices, plus accrued and unpaid interest. If a "change of control" occurs, subject to certain conditions, we must offer to repurchase from each holder all or any part of that holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes plus accrued and unpaid interest to the date of purchase. The 2011 Indenture contains customary events of default. The 2011 Indenture also contains covenants including those that limit our ability and the ability of certain of our subsidiaries to incur or guarantee additional indebtedness; pay dividends on our capital stock or redeem capital stock or subordinated indebtedness; transfer or sell assets; make investments; incur liens; enter into transactions with our affiliates; and merge or consolidate with other companies. We were in compliance with all covenants of the Notes as of September 30, 2018.

Other Long-Term Liabilities

Other long-term liabilities consisted of the following:

	September 30, 2018	December 31, 2017
	(In thousands)	
Asset retirement obligation (ARO) liability	\$ 62,727	\$ 69,444
Workers' compensation	12,832	13,340
Capital lease obligations	12,355	15,224
Contract liability	10,605	—
Separation benefit plans	8,135	6,524
Deferred compensation plan	5,623	5,390
Gas balancing liability	3,283	3,283
	115,560	113,205
Less current portion	14,150	13,002
Total other long-term liabilities	\$ 101,410	\$ 100,203

Estimated annual principal payments under the terms of our long-term debt and other long-term liabilities during the five successive twelve-month periods beginning October 1, 2018 (and through 2023) are \$14.1 million, \$43.1 million, \$659.8 million, \$4.6 million, and \$2.3 million, respectively.

Capital Leases

In 2014, Superior entered into capital lease agreements for 20 compressors with initial terms of seven years. The underlying assets are included in gas gathering and processing equipment. The \$4.0 million current portion of the capital lease obligations is included in current portion of other long-term liabilities and the non-current portion of \$8.4 million is included in other long-term liabilities in the accompanying Unaudited Condensed Consolidated Balance Sheets as of September 30, 2018. These capital leases are discounted using annual rates of 4.00%. Total maintenance and interest remaining related to these leases are \$4.6 million and \$0.8 million, respectively, at September 30, 2018. Annual payments, net of maintenance and interest, average \$4.2 million annually through 2021. At the end of the term, Superior has the option to purchase the assets at 10% of their then fair market value.

Future payments required under the capital leases at September 30, 2018 are:

	Amount (In thousands)
Beginning October 1,	
2018	\$ 6,195
2019	6,195
2020	5,322
Total future payments	17,712
Less payments related to:	
Maintenance	4,601
Interest	756
Present value of future minimum payments	\$ 12,355

NOTE 7 – ASSET RETIREMENT OBLIGATIONS

We are required to record the estimated fair value of the liabilities relating to the future retirement of our long-lived assets. Our oil and natural gas wells are plugged and abandoned when the oil and natural gas reserves in those wells are depleted or the wells are no longer able to produce. The plugging and abandonment liability for a well is recorded in the period in which the obligation is incurred (at the time the well is drilled or acquired). None of our assets are restricted for purposes of settling these AROs. All our AROs relate to the plugging costs associated with our oil and gas wells.

The following table shows certain information about our AROs for the periods indicated:

	Nine Months Ended September 30,	
	2018	2017
	(In thousands)	
ARO liability, January 1:	\$ 69,444	\$ 70,170
Accretion of discount	1,829	2,112
Liability incurred	244	1,123
Liability settled	(3,907)	(1,350)
Liability sold	(105)	(1,563)
Revision of estimates ⁽¹⁾	(4,778)	4,993
ARO liability, September 30:	62,727	75,485
Less current portion	1,451	2,947
Total long-term ARO	\$ 61,276	\$ 72,538

(1) Plugging liability estimates were revised in both 2018 and 2017 for updates in the cost of services used to plug wells over the preceding year. We had various upward and downward adjustments.

NOTE 8 – NEW ACCOUNTING PRONOUNCEMENTS

Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The FASB issued ASU 2018-13 to modify the disclosure requirements in Topic 820. Part of the disclosures were

removed or modified and other disclosures were added. The amendment will be effective for reporting periods beginning after December 15, 2019. Early adoption is permitted. Also it is permitted to early adopt any removed or modified disclosure and delay adoption of the additional disclosures until their effective date. This amendment will not have a material impact on our financial statements.

Compensation—Stock Compensation: Improvements to Nonemployee Share-Based Payment Accounting. The FASB issued ASU 2018-07, to improve financial reporting for nonemployee share-based payments. The amendment expands Topic 718, *Compensation—Stock Compensation* to include share-based payments issued to nonemployees for goods or services. The amendment will be effective for years beginning after December 15, 2019, and interim periods within those years. This amendment will not have a material impact on our financial statements.

Income Taxes - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118. In March 2018, the FASB issued ASU 2018-05 which updates the FASB's Accounting Standards Codification to reflect the guidance in SAB 118, which adds Section EE, "Income Tax Accounting Implications of the Tax Cuts and Jobs Act," to SAB Topic 5, "Miscellaneous Accounting." SAB 118 also provides guidance on applying ASC 740, Income Taxes, if the accounting for certain income tax effects of the Tax Cuts and Jobs Act of 2017 is incomplete when the financial statements are issued for a reporting period.

Intangibles—Goodwill and Other: Simplifying the Test for Goodwill Impairment. The FASB issued ASU 2017-04, to simplify the measurement of goodwill. The amendment eliminates Step 2 from the goodwill impairment test. The amendment will be effective prospectively for reporting periods beginning after December 15, 2019, and early adoption is permitted. This amendment will not have a material impact on our financial statements.

Leases. The FASB has issued several accounting standards updates and amendments related to leases in the past two years, which are codified within Topic 842. For public companies, these are effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. The standard requires lessees to recognize at the commencement date of a lease a lease liability, which represents the lessee's obligation to make lease payments arising from the lease, measured on a discounted basis; and a right-of-use asset, which represents the lessee's right to use a specified asset for the lease term. Other recently issued amendments to Topic 842 have provided clarifying guidance regarding land easements, an additional modified retrospective transition method, and added several practical expedients to apply Topic 842 for both lessees and lessors. The standard will not apply to leases of mineral rights.

We have an implementation team working through the provisions of the new guidance including a review of different types of contracts to document our lease portfolio and assess the impact on our accounting, disclosures, processes, internal control over financial reporting, and the election of certain practical expedients. Our evaluation of the impact of the new guidance on our financial statements is on-going.

We have made certain accounting policy decisions including that we plan to adopt the short-term lease recognition exemption, accounting for certain asset classes at a portfolio level, and establishing a balance sheet recognition capitalization threshold. Our transition will utilize the modified retrospective approach to adopting the new standard, and will be applied at the beginning of the period adopted (January 1, 2019) in accordance with ASU 2018-11. We expect to elect the transition practical expedient, which allows us to not evaluate land easements that existed prior to January 1, 2019, and the optional transition method to record the adoption impact through a cumulative adjustment to equity. We expect for certain lessee asset classes to elect the practical expedient and not separate lease and nonlease components. For these asset classes, we will account for the agreements as a single lease component.

We expect for certain lessor asset classes to elect the practical expedient and not separate lease and nonlease components and determine the appropriate accounting based on the predominate component of the contract. The assessment of predominance is ongoing.

We anticipate a material impact to the balance sheet across segments as we recognize Right of Use assets and liabilities but no material impact to the income statement (from the lessee's perspective). The assessment of the dollar value impact of adoption is on-going.

Adopted Standards

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. The FASB issued ASU 2018-02, an amendment which provides financial statement preparers with an option to reclassify stranded tax effects within AOCI to retained earnings caused by the Tax Cuts and Jobs Act of 2017. The amendment is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. Organizations should apply the

proposed amendments either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. We adopted this amendment early and it had no material effect to our financial statements. We previously used 37.75% to calculate the tax effect on AOCI and now we are using 24.5%. The change is reflected in our Unaudited Condensed Consolidated Statements of Comprehensive Income and in Note 14 - Equity.

Revenue from Contracts with Customers. Effective January 1, 2018, we adopted ASC 606. This new revenue standard provides for a five-step analysis of transactions to determine when and how revenue is to be recognized. The guidance in this update supersedes the revenue recognition requirements in ASC 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. We applied the five-step method outlined in the ASU to all our revenue streams in the scope of ASC 606 and elected the modified retrospective approach method. Under that approach the cumulative effect on adoption is recognized as an adjustment to opening retained earnings at January 1, 2018. Only our mid-stream segment was affected. This adjustment related to the timing of revenue on certain demand fees. Both our oil and natural gas and contract drilling segments had no retained earnings adjustment. Comparative prior periods have not been adjusted and continue to be reported under ASC 605.

The additional disclosures required by ASC 606 have been included in Note 2 – Revenue from Contracts with Customers.

Our internal control framework did not materially change because of this standard, but the existing internal controls have been modified to consider our new revenue recognition policy effective January 1, 2018. As we implement the new standard, we have added internal controls to ensure that we adequately evaluate new contracts under the five-step model under ASU 2014-09.

NOTE 9 – STOCK-BASED COMPENSATION

For restricted stock awards and stock options, we had:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(In millions)			
Recognized stock compensation expense	\$ 4.1	\$ 3.2	\$ 13.6	\$ 9.0
Capitalized stock compensation cost for our oil and natural gas properties	0.6	0.5	1.6	1.3
Tax benefit on stock-based compensation	1.0	1.2	3.3	3.4

The remaining unrecognized compensation cost related to unvested awards at September 30, 2018 is approximately \$19.0 million, of which \$2.4 million is anticipated to be capitalized. The weighted average period over which this cost will be recognized is 1.0 year.

Our Second Amended and Restated Unit Corporation Stock and Incentive Compensation Plan effective May 6, 2015 (the amended plan) allows us to grant stock-based and cash-based compensation to our employees (including employees of subsidiaries) and to non-employee directors. 7,230,000 shares of the company's common stock are authorized for issuance to eligible participants under the amended plan with 2,000,000 shares being the maximum number of shares that can be issued as "incentive stock options."

We granted no SARs or stock options during either of the three or nine month periods ending September 30, 2018 or 2017. We did not grant any restricted stock awards during either of the three month periods ending September 30, 2018 or 2017. This table shows the fair value of restricted stock awards granted to employees and non-employee directors during the periods indicated:

	Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	Time Vested	Performance Vested	Time Vested	Performance Vested
Shares granted:				
Employees	844,498	362,070	475,799	173,373
Non-employee directors	44,312	—	49,104	—
	888,810	362,070	524,903	173,373
Estimated fair value (in millions): ⁽¹⁾				
Employees	\$ 16.2	\$ 7.3	\$ 11.8	\$ 4.5
Non-employee directors	0.9	—	0.9	—
	\$ 17.1	\$ 7.3	\$ 12.7	\$ 4.5
Percentage of shares granted expected to be distributed:				
Employees	95%	74%	95%	91%
Non-employee directors	100%	N/A	100%	N/A

(1) The performance shares represent 100% of the grant date fair value. (We recognize the grant date fair value minus estimated forfeitures.)

The time vested restricted stock awards granted during the first nine months of 2018 and 2017 are being recognized over a three-year vesting period. During the first quarter of 2018 and 2017, two performance vested restricted stock awards were granted to certain executive officers. The first will cliff vest three years from the grant date based on the company's achievement of certain stock performance measures (TSR) at the end of the term and will range from 0% to 200% of the restricted shares granted as performance shares. The second will vest, one-third each year, over a three-year vesting period subject to the company's achievement of cash flow to total assets (CFTA) performance measurement each year and will range from 0% to 200%. Based on a probability assessment of the selected TSR performance criteria at September 30, 2018, the participants are estimated to receive 49% of the 2018, 92% of the 2017, and 170% of the 2016 performance-based shares. The CFTA performance measurement at September 30, 2018 was assessed to vest at target or 100%. The total aggregate stock compensation expense and capitalized cost related to oil and natural gas properties for 2018 awards for the first nine months of 2018 was \$7.5 million.

NOTE 10 – DERIVATIVES

Commodity Derivatives

We have signed various types of derivative transactions covering some of our projected natural gas and oil production. These transactions are intended to reduce our exposure to market price volatility by setting the price(s) we will receive for that production. Our decisions on the price(s), type, and quantity of our production subject to a derivative contract are based, in part, on our view of current and future market conditions. As of September 30, 2018, these hedges made up our derivative transactions:

- *Swaps.* We receive or pay a fixed price for the commodity and pay or receive a floating market price to the counterparty. The fixed-price payment and the floating-price payment are netted, resulting in a net amount due to or from the counterparty.
- *Basis/Differential Swaps.* We receive or pay the NYMEX settlement value plus or minus a fixed delivery point price for the commodity and pay or receive the published index price at the specified delivery point. We use basis/differential swaps to hedge the price risk between NYMEX and its physical delivery points.

- *Collars.* A collar contains a fixed floor price (put) and a ceiling price (call). If the market price exceeds the call strike price or falls below the put strike price, we receive the fixed price and pay the market price. If the market price is between the call and the put strike price, no payments are due from either party.
- *Three-way collars.* A three-way collar contains a fixed floor price (long put), fixed subfloor price (short put), and a fixed ceiling price (short call). If the market price exceeds the ceiling strike price, we receive the ceiling strike price and pay the market price. If the market price is between the ceiling and the floor strike price, no payments are due from either party. If the market price is below the floor price but above the subfloor price, we receive the floor strike price and pay the market price. If the market price is below the subfloor price, we receive the market price plus the difference between the floor and subfloor strike prices and pay the market price.

We have documented policies and procedures to monitor and control the use of derivative transactions. We do not engage in derivative transactions not otherwise tied to our projected production. Any changes in the fair value of our derivative transactions before maturity (i.e., temporary fluctuations in value) are reported in gain (loss) on derivatives in our Unaudited Condensed Consolidated Income Statements.

At September 30, 2018, these derivatives were outstanding:

Term	Commodity	Contracted Volume	Weighted Average Fixed Price	Contracted Market
Oct'18	Natural gas – swap	30,000 MMBtu/day	\$3.005	IF – NYMEX (HH)
Nov'18 – Dec'18	Natural gas – swap	20,000 MMBtu/day	\$3.013	IF – NYMEX (HH)
Jan'19 – Dec'19	Natural gas – swap	10,000 MMBtu/day	\$2.810	IF – NYMEX (HH)
Oct'18	Natural gas – basis swap	10,000 MMBtu/day	\$(0.190)	NGPL TEXOK
Oct'18 – Dec'18	Natural gas – basis swap	10,000 MMBtu/day	\$(0.678)	PEPL
Oct'18 – Dec'18	Natural gas – basis swap	10,000 MMBtu/day	\$(0.568)	NGPL MIDCON
Nov'18 – Dec'18	Natural gas – basis swap	10,000 MMBtu/day	\$(0.208)	IF – NYMEX (HH)
Jan'19 – Dec'19	Natural gas – basis swap	20,000 MMBtu/day	\$(0.659)	PEPL
Jan'19 – Dec'19	Natural gas – basis swap	10,000 MMBtu/day	\$(0.625)	NGL MIDCON
Jan'19 – Dec'19	Natural gas – basis swap	30,000 MMBtu/day	\$(0.265)	NGPL TEXOK
Jan'20 – Dec'20	Natural gas – basis swap	30,000 MMBtu/day	\$(0.275)	NGPL TEXOK
Oct'18 – Dec'18	Natural gas – three-way collar	20,000 MMBtu/day	\$3.00 - \$2.50 - \$3.51	IF – NYMEX (HH)
Oct'18 – Dec'18	Crude oil – swap	4,000 Bbl/day	\$53.52	WTI – NYMEX
Oct'18 – Dec'18	Crude oil – price differential risk	500 Bbl/day	\$7.00	LLS/WTI
Oct'18 – Dec'18	Crude oil – three-way collar	2,000 Bbl/day	\$47.50 - \$37.50 - \$56.08	WTI – NYMEX
Jan'19 – Dec'19	Crude oil – three-way collar	4,000 Bbl/day	\$61.25 - \$51.25 - \$72.93	WTI – NYMEX

After September 30, 2018, the following derivatives were entered into:

Term	Commodity	Contracted Volume	Weighted Average Fixed Price	Contracted Market
Jan'19 – Dec'19	Natural gas – swap	10,000 MMBtu/day	\$2.850	IF – NYMEX (HH)
Jan'19 – Dec'19	Natural gas – collar	20,000 MMBtu/day	\$2.63 - \$3.03	IF – NYMEX (HH)
Jan'19 – Mar'19	Natural gas – three-way collar	10,000 MMBtu/day	\$3.00 - \$2.75 - \$4.35	IF – NYMEX (HH)

The following tables present the fair values and locations of the derivative transactions recorded in our Unaudited Condensed Consolidated Balance Sheets:

		Derivative Assets	
		Fair Value	
	Balance Sheet Location	September 30, 2018	December 31, 2017
(In thousands)			
Commodity derivatives:			
Current	Current derivative asset	\$ —	\$ 721
Long-term	Non-current derivative asset	—	—
Total derivative assets		\$ —	\$ 721

		Derivative Liabilities	
		Fair Value	
	Balance Sheet Location	September 30, 2018	December 31, 2017
(In thousands)			
Commodity derivatives:			
Current	Current derivative liability	\$ 13,067	\$ 7,763
Long-term	Non-current derivative liability	1,542	—
Total derivative liabilities		\$ 14,609	\$ 7,763

All our counterparties are subject to master netting arrangements. If we have a legal right of set-off, we net the value of the derivative transactions we have with the same counterparty in our Unaudited Condensed Consolidated Balance Sheets.

Following is the effect of derivative instruments on the Unaudited Condensed Consolidated Income Statements for the three months ended September 30:

Derivatives Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative	
		2018	2017
		(In thousands)	
Commodity derivatives	Loss on derivatives ⁽¹⁾	\$ (4,385)	\$ (2,614)
Total		\$ (4,385)	\$ (2,614)

(1) Amounts settled during the 2018 and 2017 periods include net payments of \$9.1 million and net proceeds of \$0.8 million, respectively.

Following is the effect of derivative instruments on the Unaudited Condensed Consolidated Income Statements for the nine months ended September 30:

Derivatives Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative	
		2018	2017
		(In thousands)	
Commodity derivatives	Gain (loss) on derivatives ⁽¹⁾	\$ (25,608)	\$ 21,019
Total		\$ (25,608)	\$ 21,019

(1) Amounts settled during the 2018 and 2017 periods include net payments of \$18.0 million and \$0.7 million, respectively.

NOTE 11 – FAIR VALUE MEASUREMENTS

The estimated fair value of our available-for-sale securities, reflected on our Unaudited Condensed Consolidated Balance Sheets as Non-current other assets, is based on market quotes. The following is a summary of available-for-sale securities:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Equity Securities:				
September 30, 2018	\$ 830	\$ —	\$ 137	\$ 693
December 31, 2017	\$ 830	\$ 102	\$ —	\$ 932

During the second quarter of 2017, we received available-for-sale securities for early termination fees associated with a long-term drilling contract. We will evaluate the marketability of those equity securities to determine if any decline in fair value below cost is other-than-temporary. If a decline in fair value below cost is determined to be other-than-temporary, an impairment charge will be recorded, and a new cost basis established. We will review several factors to determine whether a loss is other-than-temporary. These factors include, but are not limited to, (i) the time a security is in an unrealized loss position, (ii) the extent to which fair value is less than cost, (iii) the financial condition and near-term prospects of the issuer, and (iv) our intent and ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value.

Fair value is defined as the amount that would be received from the sale of an asset or paid for transferring a liability in an orderly transaction between market participants (in either case, an exit price). To estimate an exit price, a three-level hierarchy is used prioritizing the valuation techniques used to measure fair value into three levels with the highest priority given to Level 1 and the lowest priority given to Level 3. The levels are summarized as follows:

- Level 1—unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2—significant observable pricing inputs other than quoted prices included within level 1 either directly or indirectly observable as of the reporting date. Essentially, inputs (variables used in the pricing models) that are derived principally from or corroborated by observable market data.
- Level 3—generally unobservable inputs developed based on the best information available and may include our own internal data.

The inputs available to us determine the valuation technique we use to measure the fair values of our financial instruments.

The following tables set forth our recurring fair value measurements:

	September 30, 2018					
	Level 1	Level 2	Level 3	Effect of Netting	Net Amounts Presented	
	(In thousands)					
Financial assets (liabilities):						
Commodity derivatives:						
Assets	\$ —	\$ 1,282	\$ 88	\$ (1,370)	\$ —	
Liabilities	—	(8,372)	(7,607)	1,370	(14,609)	
Total commodity derivatives	—	(7,090)	(7,519)	—	(14,609)	
Equity securities	693	—	—	—	693	
	<u>\$ 693</u>	<u>\$ (7,090)</u>	<u>\$ (7,519)</u>	<u>\$ —</u>	<u>\$ (13,916)</u>	
	December 31, 2017					
	Level 1	Level 2	Level 3	Effect of Netting	Net Amounts Presented	
	(In thousands)					
Financial assets (liabilities):						
Commodity derivatives:						
Assets	\$ —	\$ 2,137	\$ 3,344	\$ (4,760)	\$ 721	
Liabilities	—	(8,973)	(3,550)	4,760	(7,763)	
Total commodity derivatives	<u>\$ —</u>	<u>\$ (6,836)</u>	<u>\$ (206)</u>	<u>\$ —</u>	<u>\$ (7,042)</u>	
Equity securities	932	—	—	—	932	
	<u>\$ 932</u>	<u>\$ (6,836)</u>	<u>\$ (206)</u>	<u>\$ —</u>	<u>\$ (6,110)</u>	

All our counterparties are subject to master netting arrangements. If a legal right of set-off exists, we net the value of the derivative transactions we have with the same counterparty. We are not required to post cash collateral with our counterparties and no collateral has been posted as of September 30, 2018.

We used the following methods and assumptions to estimate the fair values of the assets and liabilities in the table above. There were no transfers between Level 2 and Level 3 financial assets (liabilities).

Level 1 Fair Value Measurements

Equity Securities. We measure the fair values of our available for sale securities based on market quotes.

Level 2 Fair Value Measurements

Commodity Derivatives. We measure the fair values of our crude oil and natural gas swaps using estimated internal discounted cash flow calculations based on the NYMEX futures index.

Level 3 Fair Value Measurements

Commodity Derivatives. The fair values of our natural gas and crude oil collars and three-way collars are estimated using internal discounted cash flow calculations based on forward price curves, quotes obtained from brokers for contracts with similar terms, or quotes obtained from counterparties to the agreements.

The following table is a reconciliation of our level 3 fair value measurements:

	Net Derivatives			
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
	(In thousands)			
Beginning of period	\$ (6,135)	\$ 4,093	\$ (206)	\$ (7,122)
Total gains or losses (realized and unrealized):				
Included in earnings ⁽¹⁾	(3,700)	(2,015)	(12,324)	9,102
Settlements	2,316	(592)	5,011	(494)
End of period	<u>\$ (7,519)</u>	<u>\$ 1,486</u>	<u>\$ (7,519)</u>	<u>\$ 1,486</u>
Total gains (losses) for the period included in earnings attributable to the change in unrealized gain relating to assets still held at end of period	\$ (1,384)	\$ (2,607)	\$ (7,313)	\$ 8,608

(1) Commodity derivatives are reported in the Unaudited Condensed Consolidated Income Statements in gain (loss) on derivatives.

The following table provides quantitative information about our Level 3 unobservable inputs at September 30, 2018:

Commodity ⁽¹⁾	Fair Value	Valuation Technique	Unobservable Input	Range
	(In thousands)			
Oil three-way collars	\$ (7,607)	Discounted cash flow	Forward commodity price curve	\$0 - \$17.65
Natural gas three-way collars	\$ 88	Discounted cash flow	Forward commodity price curve	\$0 - \$0.12

(1) The commodity contracts detailed in this category include non-exchange-traded crude oil and natural gas three-way collars that are valued based on NYMEX. The forward pricing range represents the low and high price expected to be paid or received within the settlement period.

Our valuation at September 30, 2018 reflected that the risk of non-performance was immaterial.

Fair Value of Other Financial Instruments

This disclosure of the estimated fair value of financial instruments is made under accounting guidance for financial instruments. We have determined the estimated fair values by using market information and valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Using different market assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

At September 30, 2018, the carrying values on the Unaudited Condensed Consolidated Balance Sheets for cash and cash equivalents (composed of bank and money market accounts - classified as Level 1), accounts receivable, accounts payable, other current assets, and current liabilities approximate their fair value because of their short-term nature.

Based on the borrowing rates available to us for credit agreement debt with similar terms and maturities and considering the risk of our non-performance, long-term debt under our credit agreements approximate their fair value and at September 30, 2018 we did not have any outstanding borrowings under either the Unit or Superior credit agreement. Borrowings from our Unit credit agreement at December 31, 2017 were \$178.0 million. These borrowings would be classified as Level 2.

The carrying amounts of long-term debt associated with the Notes, net of unamortized discount and debt issuance costs, reported in the Unaudited Condensed Consolidated Balance Sheets as of September 30, 2018 and December 31, 2017 were \$643.9 million and \$642.3 million, respectively. We estimate the fair value of the Notes using quoted marked prices at September 30, 2018 and December 31, 2017 was \$655.5 million and \$649.7 million, respectively. The Notes would be classified as Level 2.

Fair Value of Non-Financial Instruments

The initial measurement of AROs at fair value is calculated using discounted cash flow techniques and based on internal estimates of future retirement costs associated with property, plant, and equipment. Significant Level 3 inputs used in the

calculation of AROs include plugging costs and remaining reserve lives. A reconciliation of the company's AROs is presented in Note 7 – Asset Retirement Obligations.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

We lease office space or yards in Edmond and Oklahoma City, Oklahoma; Houston, Texas; Englewood, Colorado; Pinedale, Wyoming; and Canonsburg, Pennsylvania under the terms of operating leases expiring through December 2021. We own our corporate headquarters in Tulsa, Oklahoma. We also have several compressor rentals, equipment leases, and lease space on short-term commitments to stack excess drilling rig equipment and production inventory. Future minimum rental payments under the terms of the leases are approximately \$5.1 million, \$2.1 million, \$0.6 million, and less than \$0.1 million in twelve-month periods beginning October 1, 2018 (and through 2021), respectively. Total rent expense incurred was \$7.2 million and \$6.4 million for the first nine months of 2018 and 2017, respectively.

In 2014, Superior signed capital lease agreements for 20 compressors with initial terms of seven years. Estimated annual capital lease payments under the terms during the four successive twelve-month periods beginning October 1, 2018 (and through the end of 2021) are \$6.2 million, \$6.2 million, and \$5.3 million. Total maintenance and interest remaining related to these leases are \$4.6 million and \$0.8 million, respectively at September 30, 2018. Annual payments, net of maintenance and interest, average \$4.2 million annually through 2021. At the end of the term, Superior has the option to purchase the assets at 10% of their then fair market value.

The employee oil and gas limited partnerships require, on the election of a limited partner, that we repurchase the limited partner's interest at amounts to be determined by appraisal. In any one year, these repurchases are limited to 20% of the units outstanding. We made repurchases of approximately \$1,700 and \$2,900 in the first nine months of 2018 and 2017, respectively.

We manage our exposure to environmental liabilities on properties to be acquired by identifying existing problems and assessing the potential liability. We also conduct periodic reviews, on a company-wide basis, to identify changes in our environmental risk profile. These reviews evaluate whether there is a probable liability, its amount, and the likelihood that the liability will be incurred. Any potential liability is determined by considering, among other matters, incremental direct costs of any likely remediation and the proportionate cost of employees expected to devote significant time directly to any possible remediation effort. As it relates to evaluations of purchased properties, depending on the extent of an identified environmental problem, we may exclude a property from the acquisition, require the seller to remediate the property to our satisfaction, or agree to assume liability for the remediation of the property.

We have not historically experienced any environmental liability while being a contract driller since the greatest portion of risk is borne by the operator. Any liabilities we have incurred have been small and have been resolved while the drilling rig is on the location and the cost has been included in the direct cost of drilling the well.

During the second quarter of 2018, as part of the Superior transaction, we entered into a contractual obligation that commits us to spend \$150.0 million to drill wells in the Granite Wash/Buffalo Wallow area over three years starting January 1, 2019. This amount is already included in our drilling plan. For each dollar of the \$150.0 million that we do not spend (over the three year period), we would forgo receiving \$0.58 of future distributions from our 50% ownership interest in our consolidated mid-stream subsidiary. If we elected not to drill or spend any money in the designated area over the three year period, the maximum amount we could forgo from distributions would be \$87.0 million.

For the next twelve months, we have committed to purchase approximately \$10.1 million of new drilling rig components.

NOTE 13 – VARIABLE INTEREST ENTITY ARRANGEMENTS

On April 3, 2018 we sold 50% of the ownership interest in Superior. The 50% interest in Superior we sold was acquired by SP Investor Holdings, LLC, a holding company jointly owned by OPTrust and funds managed and/or advised by Partners Group, a global private markets investment manager. Superior will be governed and managed under the Amended and Restated Limited Liability Company Agreement and the MSA. The MSA is between our affiliate, SPC Midstream Operating, L.L.C. (the Operator) and Superior. The Operator is owned 100% by Unit Corporation. Under the guidance in ASC 810, *Consolidation*, we have determined that Superior is a VIE. The two variable interests applicable to Unit include the 50% equity investment in Superior and the MSA. The MSA houses the power to direct the activities that most significantly impact Superior's operating performance. The MSA is a separate variable interest. Unit through the MSA has the power to direct Superior's most significant activities; reciprocally the equity investors lack the power to direct the activities that most significantly impact the entity's economic performance. Because of this, Unit is considered the primary beneficiary. There have been no changes to the primary beneficiary during the quarter ended September 30, 2018.

As the primary beneficiary of this VIE, we consolidate in the financial statements the financial position, results of operations and cash flows of this VIE, and all intercompany balances and transactions between us and the VIE are eliminated in the consolidated financial statements. Cash distributions of income, net of agreed on expenses, and estimated expenses are allocated to the equity owners as specified in the relevant agreements.

On the sale or liquidation of Superior, distributions would occur in the order and priority specified in the relevant agreements.

As the Operator, we provide services, such as operations and maintenance support, accounting, legal, and human resources to Superior for a monthly service fee of \$250,000. Superior's creditors have no recourse to our general credit. Superior's credit agreement is not guaranteed by Unit. The obligations under Superior's credit agreement are secured by, among other things, mortgage liens on certain of Superior's processing plants and gathering systems.

The carrying value of Superior's assets and liabilities, after eliminations of any intercompany transactions and balances, in the consolidated balance sheets were as follows:

	September 30, 2018
	(In thousands)
Current assets:	
Cash and cash equivalents	\$ 9,039
Accounts receivable	29,991
Prepaid expenses and other	2,756
Total current assets	41,786
Property and equipment:	
Gas gathering and processing equipment	751,715
Transportation equipment	3,064
	754,779
Less accumulated depreciation, depletion, amortization, and impairment	353,476
Net property and equipment	401,303
Other assets	15,411
Total assets	\$ 458,500
Current liabilities:	
Accounts payable	\$ 28,183
Accrued liabilities	3,574
Current portion of other long-term liabilities	6,836
Total current liabilities	38,593
Long-term debt less debt issuance costs	—
Other long-term liabilities	16,126
Total liabilities	\$ 54,719

NOTE 14 – EQUITY

At-the-Market (ATM) Common Stock Program

On April 4, 2017, we signed a Distribution Agreement (the Agreement) with a sales agent, under which we could offer and sell, from time to time, through the sales agent shares of our common stock, par value \$.20 per share (the Shares), up to an aggregate offering price of \$100.0 million. Net proceeds from any of these sales could be used to fund (or offset costs of) acquisitions, future capital expenditures, repay amounts outstanding under our revolving credit facility, and general corporate purposes.

On May 2, 2018, we terminated the Distribution Agreement. The Distribution Agreement was terminable at will on written notification by us with no penalty. As of the date of termination, we had sold 787,547 shares of our common stock under the Distribution Agreement resulting in net proceeds of approximately \$18.6 million. We paid the sales agent a commission of 2.0% of the gross sales price per share sold. As a result of the termination, there will be no more sales of our common stock under the Distribution Agreement.

Accumulated Other Comprehensive Income (Loss)

Components of accumulated other comprehensive income (loss) were as follows for the three months ended September 30:

	2018	2017
	(In thousands)	
Unrealized appreciation on securities, before tax	\$ (51)	\$ 53
Tax benefit (expense)	13 ⁽¹⁾	(20)
Unrealized appreciation on securities, net of tax	<u>\$ (38)</u>	<u>\$ 33</u>

(1) Due to the implementation of ASU 2018-02, the tax rate changed from 37.75% to 24.5%.

Changes in accumulated other comprehensive income (loss) by component, net of tax, for the three months ended September 30 are as follows:

	Net Gains on Equity Securities	
	2018	2017
	(In thousands)	
Balance at June 30:	\$ (65)	\$ 20
Unrealized appreciation (loss) before reclassifications	(38) ⁽¹⁾	33
Amounts reclassified from accumulated other comprehensive income	—	—
Net current-period other comprehensive income (loss)	(38)	33
Balance at September 30:	<u>\$ (103)</u>	<u>\$ 53</u>

(1) Due to the implementation of ASU 2018-02, the tax rate changed from 37.75% to 24.5%.

Components of accumulated other comprehensive income (loss) were as follows for the nine months ended September 30:

	2018	2017
	(In thousands)	
Unrealized appreciation (loss) on securities, before tax	\$ (239)	\$ 85
Tax benefit (expense)	60 ⁽¹⁾	(32)
Unrealized appreciation (loss) on securities, net of tax	<u>\$ (179)</u>	<u>\$ 53</u>

(1) Due to the implementation of ASU 2018-02, the tax rate changed from 37.75% to 24.5%.

Changes in accumulated other comprehensive income by component, net of tax, for the nine months ended September 30 are as follows:

	Net Gains on Equity Securities	
	2018	2017
	(In thousands)	
Balance at December 31, 2017	\$ 63	\$ —
Adjustment due to ASU 2018-02	13 ⁽¹⁾	—
Balance at January 1:	76	—
Unrealized appreciation (loss) before reclassifications	(179) ⁽¹⁾	53
Amounts reclassified from accumulated other comprehensive income	—	—
Net current-period other comprehensive income (loss)	(179)	53
Balance at September 30:	\$ (103)	\$ 53

(1) Due to the implementation of ASU 2018-02, the tax rate changed from 37.75% to 24.5%.

NOTE 15 – INDUSTRY SEGMENT INFORMATION

We have three main business segments offering different products and services within the energy industry:

- Oil and natural gas,
- Contract drilling, and
- Mid-stream

Our oil and natural gas segment is engaged in the acquisition, development, and production of oil, NGLs, and natural gas properties. The contract drilling segment is engaged in the land contract drilling of oil and natural gas wells and the mid-stream segment is engaged in the buying, selling, gathering, processing, and treating of natural gas and NGLs.

We evaluate each segment's performance based on its operating income, which is defined as operating revenues less operating expenses and depreciation, depletion, amortization, and impairment. We have no oil and natural gas production outside the United States.

The following tables provide certain information about the operations of each of our segments:

	Three Months Ended September 30, 2018					
	Oil and Natural Gas	Contract Drilling	Mid-stream	Other	Eliminations	Total Consolidated
	(In thousands)					
Revenues: ⁽¹⁾						
Oil and natural gas	\$ 111,623	\$ —	\$ —	\$ —	\$ —	\$ 111,623
Contract drilling	—	58,012	—	—	(7,400)	50,612
Gas gathering and processing	—	—	82,882	—	(25,059)	57,823
Total revenues	111,623	58,012	82,882	—	(32,459)	220,058
Expenses:						
Operating costs:						
Oil and natural gas	33,400	—	—	—	(1,261)	32,139
Contract drilling	—	38,246	—	—	(6,214)	32,032
Gas gathering and processing	—	—	66,932	3,808	(27,606)	43,134
Total operating costs	33,400	38,246	66,932	3,808	(35,081)	107,305
Depreciation, depletion, and amortization	35,460	14,889	11,265	1,923	—	63,537
Total expenses	68,860	53,135	78,197	5,731	(35,081)	170,842
General and administrative	—	—	—	9,278	—	9,278
Gain on disposition of assets	(7)	(230)	(16)	—	—	(253)
Income (loss) from operations	42,770	5,107	4,701	(15,009)	2,622	40,191
Loss on derivatives	—	—	—	(4,385)	—	(4,385)
Interest, net	—	—	(381)	(7,564)	—	(7,945)
Other	—	—	—	3,814	(3,808)	6
Income (loss) before income taxes	\$ 42,770	\$ 5,107	\$ 4,320	\$ (23,144)	\$ (1,186)	\$ 27,867

(1) The revenues for oil and natural gas occur at a point in time. The revenues for contract drilling and gas gathering and processing occur over time.

	Three Months Ended September 30, 2017						
	Oil and Natural Gas	Contract Drilling	Mid-stream	Other	Eliminations	Total Consolidated	
	(In thousands)						
Revenues:							
Oil and natural gas	\$ 85,470	\$ —	\$ —	\$ —	\$ —	\$	85,470
Contract drilling	—	55,588	—	—	(3,969)		51,619
Gas gathering and processing	—	—	69,057	—	(17,658)		51,399
Total revenues	85,470	55,588	69,057	—	(21,627)		188,488
Expenses:							
Operating costs:							
Oil and natural gas	35,082	—	—	—	(1,171)		33,911
Contract drilling	—	38,115	—	—	(3,368)		34,747
Gas gathering and processing	—	—	54,602	—	(16,486)		38,116
Total operating costs	35,082	38,115	54,602	—	(21,025)		106,774
Depreciation, depletion, and amortization	26,460	15,280	10,880	1,913	—		54,533
Total expenses	61,542	53,395	65,482	1,913	(21,025)		161,307
General and administrative expense	—	—	—	9,235	—		9,235
(Gain) loss on disposition of assets	1	(68)	(14)	—	—		(81)
Income (loss) from operations	23,927	2,261	3,589	(11,148)	(602)		18,027
Loss on derivatives	—	—	—	(2,614)	—		(2,614)
Interest, net	—	—	—	(9,944)	—		(9,944)
Other	—	—	—	5	—		5
Income (loss) before income taxes	\$ 23,927	\$ 2,261	\$ 3,589	\$ (23,701)	\$ (602)	\$	5,474

Nine Months Ended September 30, 2018						
	Oil and Natural Gas	Contract Drilling	Mid-stream	Other	Eliminations	Total Consolidated
(In thousands)						
Revenues: (1)						
Oil and natural gas	\$ 317,040	\$ —	\$ —	\$ —	\$ —	\$ 317,040
Contract drilling	—	161,489	—	—	(17,962)	143,527
Gas gathering and processing	—	—	232,938	—	(65,012)	167,926
Total revenues	317,040	161,489	232,938	—	(82,974)	628,493
Expenses:						
Operating costs:						
Oil and natural gas	104,234	—	—	—	(3,715)	100,519
Contract drilling	—	111,121	—	—	(15,528)	95,593
Gas gathering and processing	—	—	185,738	7,384	(68,681)	124,441
Total operating costs	104,234	111,121	185,738	7,384	(87,924)	320,553
Depreciation, depletion, and amortization	97,797	41,927	33,493	5,759	—	178,976
Total expenses	202,031	153,048	219,231	13,143	(87,924)	499,529
General and administrative expense	—	—	—	28,752	—	28,752
Gain on disposition of assets	(136)	(314)	(95)	(30)	—	(575)
Income (loss) from operations	115,145	8,755	13,802	(41,865)	4,950	100,787
Loss on derivatives	—	—	—	(25,608)	—	(25,608)
Interest, net	—	—	(834)	(24,844)	—	(25,678)
Other	—	—	—	7,401	(7,384)	17
Income (loss) before income taxes	\$ 115,145	\$ 8,755	\$ 12,968	\$ (84,916)	\$ (2,434)	\$ 49,518

(1) The revenues for oil and natural gas occur at a point in time. The revenues for contract drilling and gas gathering and processing occur over time.

Nine Months Ended September 30, 2017						
	Oil and Natural Gas	Contract Drilling	Mid-stream	Other	Eliminations	Total Consolidated
(In thousands)						
Revenues:						
Oil and natural gas	\$ 256,241	\$ —	\$ —	\$ —	\$ —	\$ 256,241
Contract drilling	—	137,617	—	—	(9,558)	128,059
Gas gathering and processing	—	—	198,632	—	(48,139)	150,493
Total revenues	256,241	137,617	198,632	—	(57,697)	534,793
Expenses:						
Operating costs:						
Oil and natural gas	99,349	—	—	—	(3,476)	95,873
Contract drilling	—	99,794	—	—	(8,581)	91,213
Gas gathering and processing	—	—	156,525	—	(44,663)	111,862
Total operating costs	99,349	99,794	156,525	—	(56,720)	298,948
Depreciation, depletion, and amortization	71,544	41,896	32,547	5,558	—	151,545
Total expenses	170,893	141,690	189,072	5,558	(56,720)	450,493
General and administrative expense	—	—	—	26,902	—	26,902
Gain on disposition of assets	(176)	(106)	(58)	(813)	—	(1,153)
Income (loss) from operations	85,524	(3,967)	9,618	(31,647)	(977)	58,551
Gain on derivatives	—	—	—	21,019	—	21,019
Interest, net	—	—	—	(28,807)	—	(28,807)
Other	—	—	—	14	—	14
Income (loss) before income taxes	\$ 85,524	\$ (3,967)	\$ 9,618	\$ (39,421)	\$ (977)	\$ 50,777

NOTE 16 – SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION

We have no significant assets or operations other than our investments in our subsidiaries. Our wholly owned subsidiaries are the guarantors of our Notes. On April 3, 2018, we sold 50% of the ownership interest in our mid-stream segment, Superior and that company and its subsidiaries are no longer guarantors of the Notes. Instead of providing separate financial statements for each subsidiary issuer and guarantor, we have included the accompanying unaudited condensed consolidating financial statements based on Rule 3-10 of the SEC's Regulation S-X.

For purposes of the following footnote:

- we are referred to as "Parent",
- the direct subsidiaries are 100% owned by the Parent and the guarantee is full and unconditional and joint and several and referred to as "Combined Guarantor Subsidiaries", and
- Superior and its subsidiaries and the Operator are referred to as "Non-Guarantor Subsidiaries."

The following unaudited supplemental condensed consolidating financial information reflects the Parent's separate accounts, the combined accounts of the Combined Guarantor Subsidiaries', the combined accounts of the Non-Guarantor Subsidiaries', the combined consolidating adjustments and eliminations, and the Parent's consolidated amounts for the periods indicated.

Condensed Consolidating Balance Sheets (Unaudited)

September 30, 2018					
	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
(In thousands)					
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 82,267	\$ 251	\$ 9,039	\$ —	\$ 91,557
Accounts receivable, net of allowance for doubtful accounts of \$2,450 (Guarantor of \$1,245 and Non-Guarantor of \$1,205)	1,374	92,078	28,671	—	122,123
Materials and supplies	—	505	—	—	505
Current derivative asset	—	—	—	—	—
Prepaid expenses and other	3,125	3,538	2,756	—	9,419
Total current assets	86,766	96,372	40,466	—	223,604
Property and equipment:					
Oil and natural gas properties on the full cost method:					
Proved properties	—	5,901,661	—	—	5,901,661
Unproved properties not being amortized	—	332,886	—	—	332,886
Drilling equipment	—	1,632,540	—	—	1,632,540
Gas gathering and processing equipment	—	—	751,715	—	751,715
Saltwater disposal systems	—	67,074	—	—	67,074
Corporate land and building	—	59,081	—	—	59,081
Transportation equipment	9,273	16,766	3,064	—	29,103
Other	28,506	28,244	—	—	56,750
	37,779	8,038,252	754,779	—	8,830,810
Less accumulated depreciation, depletion, amortization, and impairment	25,922	5,945,762	353,476	—	6,325,160
Net property and equipment	11,857	2,092,490	401,303	—	2,505,650
Intercompany receivable	907,907	—	—	(907,907)	—
Goodwill	—	62,808	—	—	62,808
Investments	1,248,309	1,500	—	(1,248,309)	1,500
Other assets	5,605	6,186	15,412	—	27,203
Total assets	\$ 2,260,444	\$ 2,259,356	\$ 457,181	\$ (2,156,216)	\$ 2,820,765

September 30, 2018					
	Parent	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
(In thousands)					
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	\$ 28,116	\$ 90,543	\$ 24,893	\$ —	\$ 143,552
Accrued liabilities	36,444	26,583	4,716	—	67,743
Income taxes payable	1,051	—	—	—	1,051
Current derivative liability	13,067	—	—	—	13,067
Current portion of other long-term liabilities	966	6,348	6,836	—	14,150
Total current liabilities	79,644	123,474	36,445	—	239,563
Intercompany debt	—	906,296	1,086	(907,382)	—
Bonds payable less debt issuance costs	643,921	—	—	—	643,921
Non-current derivative liabilities	1,542	—	—	—	1,542
Other long-term liabilities	12,790	72,494	16,126	—	101,410
Deferred income taxes	54,707	110,257	—	—	164,964
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, 54,063,705 shares issued	10,414	—	—	—	10,414
Capital in excess of par value	626,746	45,921	197,042	(242,963)	626,746
Contributions from Unit	—	—	525	(525)	—
Accumulated other comprehensive loss	—	(103)	—	—	(103)
Retained earnings	830,680	1,001,017	4,329	(1,005,346)	830,680
Total shareholders' equity attributable to Unit Corporation	1,467,840	1,046,835	201,896	(1,248,834)	1,467,737
Non-controlling interests in consolidated subsidiaries	—	—	201,628	—	201,628
Total shareholders' equity	1,467,840	1,046,835	403,524	(1,248,834)	1,669,365
Total liabilities and shareholders' equity	\$ 2,260,444	\$ 2,259,356	\$ 457,181	\$ (2,156,216)	\$ 2,820,765

December 31, 2017					
	Parent	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
(In thousands)					
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 510	\$ 191	\$ —	\$ —	\$ 701
Accounts receivable, net of allowance for doubtful accounts of \$2,450 (Guarantor of \$1,245 and Non-Guarantor of \$1,205)	154	83,442	27,916	—	111,512
Materials and supplies	—	505	—	—	505
Current derivative asset	721	—	—	—	721
Prepaid expenses and other	2,986	2,370	877	—	6,233
Total current assets	4,371	86,508	28,793	—	119,672
Property and equipment:					
Oil and natural gas properties on the full cost method:					
Proved properties	—	5,712,813	—	—	5,712,813
Unproved properties not being amortized	—	296,764	—	—	296,764
Drilling equipment	—	1,593,611	—	—	1,593,611
Gas gathering and processing equipment	—	—	726,236	—	726,236
Saltwater disposal systems	—	62,618	—	—	62,618
Corporate land and building	—	59,080	—	—	59,080
Transportation equipment	9,270	17,423	2,938	—	29,631
Other	28,039	25,400	—	—	53,439
	37,309	7,767,709	729,174	—	8,534,192
Less accumulated depreciation, depletion, amortization, and impairment	21,268	5,807,757	322,425	—	6,151,450
Net property and equipment	16,041	1,959,952	406,749	—	2,382,742
Intercompany receivable	1,155,725	—	—	(1,155,725)	—
Goodwill	—	62,808	—	—	62,808
Investments	1,044,709	1,500	—	(1,044,709)	1,500
Other assets	5,373	6,328	3,029	—	14,730
Total assets	\$ 2,226,219	\$ 2,117,096	\$ 438,571	\$ (2,200,434)	\$ 2,581,452

December 31, 2017					
	Parent	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
(In thousands)					
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	\$ 13,124	\$ 81,334	\$ 18,190	\$ —	\$ 112,648
Accrued liabilities	26,165	19,134	3,224	—	48,523
Current derivative liability	7,763	—	—	—	7,763
Current portion of other long-term liabilities	657	8,501	3,844	—	13,002
Total current liabilities	47,709	108,969	25,258	—	181,936
Intercompany debt	—	870,582	285,143	(1,155,725)	—
Long-term debt	178,000	—	—	—	178,000
Bonds payable less debt issuance costs	642,276	—	—	—	642,276
Other long-term liabilities	11,257	77,566	11,380	—	100,203
Deferred income taxes	1,480	85,443	46,554	—	133,477
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, 52,880,134 shares issued	10,280	—	—	—	10,280
Capital in excess of par value	535,815	45,921	15,549	(61,470)	535,815
Accumulated other comprehensive income	—	63	—	—	63
Retained earnings	799,402	928,552	54,687	(983,239)	799,402
Total shareholders' equity attributable to Unit Corporation	1,345,497	974,536	70,236	(1,044,709)	1,345,560
Non-controlling interests in consolidated subsidiaries	—	—	—	—	—
Total shareholders' equity	1,345,497	974,536	70,236	(1,044,709)	1,345,560
Total liabilities and shareholders' equity	\$ 2,226,219	\$ 2,117,096	\$ 438,571	\$ (2,200,434)	\$ 2,581,452

Condensed Consolidating Statements of Income (Unaudited)

Three Months Ended September 30, 2018					
	Parent	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
	(In thousands)				
Revenues	\$ —	\$ 169,635	\$ 82,882	\$ (32,459)	\$ 220,058
Expenses:					
Operating costs	—	71,646	66,932	(31,273)	107,305
Depreciation, depletion, and amortization	1,923	50,349	11,265	—	63,537
General and administrative	—	9,252	26	—	9,278
Gain on disposition of assets	—	(237)	(16)	—	(253)
Total operating costs	1,923	131,010	78,207	(31,273)	179,867
Income from operations	(1,923)	38,625	4,675	(1,186)	40,191
Interest, net	(7,564)	—	(381)	—	(7,945)
Loss on derivatives	(4,385)	—	—	—	(4,385)
Other, net	6	(1)	1	—	6
Income (loss) before income taxes	(13,866)	38,624	4,295	(1,186)	27,867
Income tax expense (benefit)	(3,688)	9,839	593	—	6,744
Equity in net earnings from investment in subsidiaries, net of taxes	29,077	—	—	(29,077)	—
Net income	18,899	28,785	3,702	(30,263)	21,123
Less: net income attributable to non-controlling interest	—	—	2,224	—	2,224
Net income attributable to Unit Corporation	\$ 18,899	\$ 28,785	\$ 1,478	\$ (30,263)	\$ 18,899

Three Months Ended September 30, 2017					
	Parent	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
	(In thousands)				
Revenues	\$ —	\$ 141,058	\$ 69,057	\$ (21,627)	\$ 188,488
Expenses:					
Operating costs	—	73,197	54,603	(21,026)	106,774
Depreciation, depletion, and amortization	1,913	41,740	10,880	—	54,533
General and administrative	—	7,083	2,152	—	9,235
Gain on disposition of assets	—	(67)	(14)	—	(81)
Total operating costs	1,913	121,953	67,621	(21,026)	170,461
Income (loss) from operations	(1,913)	19,105	1,436	(601)	18,027
Interest, net	(9,776)	—	(168)	—	(9,944)
Loss on derivatives	(2,614)	—	—	—	(2,614)
Other, net	5	—	—	—	5
Income (loss) before income taxes	(14,298)	19,105	1,268	(601)	5,474
Income tax expense (benefit)	(5,626)	7,003	392	—	1,769
Equity in net earnings from investment in subsidiaries, net of taxes	12,377	—	—	(12,377)	—
Net income	3,705	12,102	876	(12,978)	3,705
Less: net income attributable to non-controlling interest	—	—	—	—	—
Net income attributable to Unit Corporation	\$ 3,705	\$ 12,102	\$ 876	\$ (12,978)	\$ 3,705

Nine Months Ended September 30, 2018					
	Parent	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
	(In thousands)				
Revenues	\$ —	\$ 478,529	\$ 232,938	\$ (82,974)	\$ 628,493
Expenses:					
Operating costs	—	215,355	185,738	(80,540)	320,553
Depreciation, depletion, and amortization	5,759	139,724	33,493	—	178,976
General and administrative	—	26,136	2,616	—	28,752
Gain on disposition of assets	(30)	(450)	(95)	—	(575)
Total operating costs	5,729	380,765	221,752	(80,540)	527,706
Income (loss) from operations	(5,729)	97,764	11,186	(2,434)	100,787
Interest, net	(24,844)	—	(834)	—	(25,678)
Loss on derivatives	(25,608)	—	—	—	(25,608)
Other, net	17	—	—	—	17
Income (loss) before income taxes	(56,164)	97,764	10,352	(2,434)	49,518
Income tax expense (benefit)	(14,356)	25,299	1,437	—	12,380
Equity in net earnings from investment in subsidiaries, net of tax	74,360	—	—	(74,360)	—
Net income	32,552	72,465	8,915	(76,794)	37,138
Less: net income attributable to non-controlling interest	—	—	4,586	—	4,586
Net income attributable to Unit Corporation	\$ 32,552	\$ 72,465	\$ 4,329	\$ (76,794)	\$ 32,552

Nine Months Ended September 30, 2017					
	Parent	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
	(In thousands)				
Revenues	\$ —	\$ 393,858	\$ 198,632	\$ (57,697)	\$ 534,793
Expenses:					
Operating costs	—	199,143	156,525	(56,720)	298,948
Depreciation, depletion, and amortization	5,558	113,440	32,547	—	151,545
General and administrative	—	20,880	6,022	—	26,902
Gain on disposition of assets	(813)	(282)	(58)	—	(1,153)
Total operating costs	4,745	333,181	195,036	(56,720)	476,242
Income (loss) from operations	(4,745)	60,677	3,596	(977)	58,551
Interest, net	(28,276)	—	(531)	—	(28,807)
Gain on derivatives	21,019	—	—	—	21,019
Other, net	14	—	—	—	14
Income (loss) before income taxes	(11,988)	60,677	3,065	(977)	50,777
Income tax expense (benefit)	(4,895)	25,357	1,622	—	22,084
Equity in net earnings from investment in subsidiaries, net of tax	35,786	—	—	(35,786)	—
Net income	28,693	35,320	1,443	(36,763)	28,693
Less: net income attributable to non-controlling interest	—	—	—	—	—
Net income attributable to Unit Corporation	\$ 28,693	\$ 35,320	\$ 1,443	\$ (36,763)	\$ 28,693

Condensed Consolidating Statements of Comprehensive Income (Unaudited)

Three Months Ended September 30, 2018					
	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
(In thousands)					
Net income	\$ 18,899	\$ 28,785	\$ 3,702	\$ (30,263)	\$ 21,123
Other comprehensive income, net of taxes:					
Unrealized loss on securities, net of tax (\$13)	—	(38)	—	—	(38)
Comprehensive income	18,899	28,747	3,702	(30,263)	21,085
Less: Comprehensive income attributable to non-controlling interests	—	—	2,224	—	2,224
Comprehensive income attributable to Unit Corporation	\$ 18,899	\$ 28,747	\$ 1,478	\$ (30,263)	\$ 18,861
Three Months Ended September 30, 2017					
	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
(In thousands)					
Net income	\$ 3,705	\$ 12,102	\$ 876	\$ (12,978)	\$ 3,705
Other comprehensive income, net of taxes:					
Unrealized gain on securities, net of tax of \$20	—	33	—	—	33
Comprehensive income	3,705	12,135	876	(12,978)	3,738
Less: Comprehensive income attributable to non-controlling interests	—	—	—	—	—
Comprehensive income attributable to Unit Corporation	\$ 3,705	\$ 12,135	\$ 876	\$ (12,978)	\$ 3,738
Nine Months Ended September 30, 2018					
	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
(In thousands)					
Net income	\$ 32,552	\$ 72,465	\$ 8,915	\$ (76,794)	\$ 37,138
Other comprehensive income, net of taxes:					
Unrealized loss on securities, net of tax of (\$60)	—	(179)	—	—	(179)
Comprehensive income	32,552	72,286	8,915	(76,794)	36,959
Less: Comprehensive income attributable to non-controlling interests	—	—	4,586	—	4,586
Comprehensive income attributable to Unit Corporation	\$ 32,552	\$ 72,286	\$ 4,329	\$ (76,794)	\$ 32,373
Nine Months Ended September 30, 2017					
	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
(In thousands)					
Net income	\$ 28,693	\$ 35,320	\$ 1,443	\$ (36,763)	\$ 28,693
Other comprehensive income, net of taxes:					
Unrealized gain on securities, net of tax of \$32	—	53	—	—	53
Comprehensive income	28,693	35,373	1,443	(36,763)	28,746
Less: Comprehensive income attributable to non-controlling interests	—	—	—	—	—
Comprehensive income attributable to Unit Corporation	\$ 28,693	\$ 35,373	\$ 1,443	\$ (36,763)	\$ 28,746

Condensed Consolidating Statements of Cash Flows (Unaudited)

Nine Months Ended September 30, 2018					
	Parent	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
(In thousands)					
OPERATING ACTIVITIES:					
Net cash provided by (used in) operating activities	(103,436)	215,350	(3,984)	128,605	236,535
INVESTING ACTIVITIES:					
Capital expenditures	22	(275,434)	(28,642)	—	(304,054)
Producing properties and other acquisitions	—	(769)	—	—	(769)
Proceeds from disposition of assets	30	25,199	87	—	25,316
Net cash provided by (used in) investing activities	52	(251,004)	(28,555)	—	(279,507)
FINANCING ACTIVITIES:					
Borrowings under credit agreement	69,200	—	2,000	—	71,200
Payments under credit agreement	(247,200)	—	(2,000)	—	(249,200)
Intercompany borrowings (advances), net	248,343	35,714	(155,977)	(128,080)	—
Payments on capitalized leases	—	—	(2,869)	—	(2,869)
Proceeds from investments of non-controlling interest	102,958	—	197,042	—	300,000
Contributions from Unit	—	—	525	(525)	—
Transaction costs associated with sale of non-controlling interest	(2,303)	—	—	—	(2,303)
Book overdrafts	14,143	—	2,857	—	17,000
Net cash provided by financing activities	185,141	35,714	41,578	(128,605)	133,828
Net increase in cash and cash equivalents	81,757	60	9,039	—	90,856
Cash and cash equivalents, beginning of period	510	191	—	—	701
Cash and cash equivalents, end of period	\$ 82,267	\$ 251	\$ 9,039	\$ —	\$ 91,557
Nine Months Ended September 30, 2017					
	Parent	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
(In thousands)					
OPERATING ACTIVITIES:					
Net cash provided by operating activities	822	149,963	34,007	—	184,792
INVESTING ACTIVITIES:					
Capital expenditures	(3,595)	(152,055)	(11,742)	—	(167,392)
Producing properties and other acquisitions	—	(55,429)	—	—	(55,429)
Proceeds from disposition of assets	955	19,124	58	—	20,137
Other	—	(1,500)	—	—	(1,500)
Net cash used in investing activities	(2,640)	(189,860)	(11,684)	—	(204,184)
FINANCING ACTIVITIES:					
Borrowings under credit agreement	251,401	—	—	—	251,401
Payments under credit agreement	(250,100)	—	—	—	(250,100)
Intercompany borrowings (advances), net	(20,483)	39,839	(19,356)	—	—
Payments on capitalized leases	—	—	(2,967)	—	(2,967)
Proceeds from common stock issued, net of issue costs	18,623	—	—	—	18,623
Book overdrafts	2,364	—	—	—	2,364
Net cash provided by (used in) financing activities	1,805	39,839	(22,323)	—	19,321
Net decrease in cash and cash equivalents	(13)	(58)	—	—	(71)
Cash and cash equivalents, beginning of period	517	376	—	—	893
Cash and cash equivalents, end of period	\$ 504	\$ 318	\$ —	\$ —	\$ 822

NOTE 17 – SUBSEQUENT EVENT

On October 18, 2018, we signed the fifth amendment to the Unit credit agreement originally scheduled to mature on April 10, 2020. The Fifth Amendment, among other things, (i) extends the term of the Unit credit agreement to October 18, 2023, subject to certain conditions; (ii) reduces the pricing for borrowing and non-use fees; and (iii) eliminates the requirement that the company maintain a senior indebtedness to consolidated EBITDA ratio. The total commitment of credit and the borrowing base both remain unchanged at \$425.0 million.

A copy of the Fifth Amendment is filed as Exhibit 10.1 to this report.

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

Management's Discussion and Analysis (MD&A) provides you with an understanding of our operating results and financial condition by focusing on changes in certain key measures from year to year or period to period. MD&A is organized into these sections:

- General;
- Business Outlook;
- Executive Summary;
- Financial Condition and Liquidity;
- New Accounting Pronouncements; and
- Results of Operations.

Please read the information in our most recent Annual Report on Form 10-K (and any amendments thereto) in conjunction with your review of the information below and our unaudited condensed consolidated financial statements and related notes.

Unless otherwise indicated or required by the content, when used in this report the terms "company," "Unit," "us," "our," "we," and "its" refer to Unit Corporation or, as appropriate, one or more of its subsidiaries. References to our mid-stream segment refers to Superior Pipeline Company, L.L.C. of which we own 50%.

General

We operate, manage, and analyze the results of our operations through our three principal business segments:

- *Oil and Natural Gas* – carried out by our subsidiary Unit Petroleum Company. This segment explores, develops, acquires, and produces oil and natural gas properties for our own account.
- *Contract Drilling* – carried out by our subsidiary Unit Drilling Company. This segment contracts to drill onshore oil and natural gas wells for others and for our oil and natural gas segment.
- *Mid-Stream* – carried out by Superior Pipeline Company, L.L.C. and its subsidiaries. This segment buys, sells, gathers, processes, and treats natural gas for third parties and for our oil and natural gas segment.

Business Outlook

As discussed in other parts of this report, our success depends, to a large degree, on the prices we receive for our oil and natural gas production, the demand for oil, natural gas, and NGLs, and the demand for our drilling rigs which influences the amounts we can charge for those drilling rigs. While our operations are within the United States, events outside the United States affect us and our industry.

Fluctuating commodity prices worldwide during the past several years brought about significant and adverse changes to our industry and us. Industry wide reductions in drilling activity and spending reduced the rates for and the number of our drilling rigs we were able to put to work.

Recently, commodity prices have improved. Reflecting that improvement, during the first quarter of 2018, our oil and natural gas segment put four of our drilling rigs to work and increased the number to six drilling rigs for a brief period during

the third quarter of 2018. We have subsequently reduced our operated rig count. Our contract drilling segment finished constructing its 11th BOSS drilling rig and that drilling rig was placed into service in mid-July. During the second quarter and third quarter of 2018, we were awarded term contracts to build our 12th and 13th BOSS drilling rigs. Construction is in progress and the drilling rigs will be placed into service in the first quarter of 2019. Rig utilization fluctuated over the past year due to commodity prices changing and budget constraints on operators in the fourth quarter of 2017. We expect commodity prices and budget constraints on operators to continue to affect rig utilization through 2018.

Other recent improvements:

- We have not incurred a non-cash ceiling test write-down since 2016. We had no write-down in the third quarter of 2018 nor the third quarter of 2017. It is hard to predict with any reasonable certainty the need for or amount of any future impairments given the many factors that go into the ceiling test calculation including, future pricing, operating costs, drilling and completion costs, upward or downward oil and gas reserve revisions, oil and gas reserve additions, and tax attributes. Subject to these inherent uncertainties, if we hold these same factors constant as they existed at September 30, 2018, and only adjust the 12-month average price to an estimated fourth quarter ending average (holding October 2018 prices constant for the remaining two months of the fourth quarter of 2018), our forward looking expectation is that we will not recognize an impairment in the fourth quarter of 2018. But commodity prices (and other factors) remain volatile and they could negatively affect the 12-month average price resulting in the potential for a future impairment.
- In 2018, our oil and natural gas segment plans to participate in drilling 95-105 wells (depending on future commodity prices). In 2017, we drilled 70 wells up from 21 in 2016 due to increased cash flow resulting from improvement in commodity prices.

On April 3, 2018, the company completed the sale of 50% of the ownership interests in Superior to SP Investor Holdings, LLC, a holding company jointly owned by OPTrust and funds managed and/or advised by Partners Group, a global private markets investment manager, for cash consideration of \$300.0 million. Part of the proceeds from the sale were used to pay down our bank debt and the balance will be used to accelerate the drilling program of our upstream subsidiary, Unit Petroleum Company, make additional capital investments in Superior, and for general working capital purposes.

Executive Summary

Oil and Natural Gas

Third quarter 2018 production from our oil and natural gas segment was 4,359,000 barrels of oil equivalent (Boe), an increase of 3% over the second quarter of 2018 and an increase of 7% over the third quarter of 2017, respectively. The increases for both comparative periods were primarily from new wells drilled during 2017 and the first nine months of 2018.

Third quarter 2018 oil and natural gas revenues increased 9% over the second quarter of 2018 and increased 31% over the third quarter of 2017. The increase over the second quarter of 2018 was due primarily to an increase in NGLs and natural gas production volumes and an increase in commodity prices partially offset by lower oil production volumes. The increase over the third quarter of 2017 was due primarily to higher oil and NGLs prices and higher production volumes.

Our oil prices for the third quarter of 2018 increased 2% over the second quarter of 2018 and increased 22% over the third quarter of 2017. Our NGLs prices increased 16% over the second quarter of 2018 and increased 40% over the third quarter of 2017. Our natural gas prices increased 4% over the second quarter of 2018 and decreased 4% from the third quarter of 2017.

Operating cost per Boe produced for the third quarter of 2018 decreased 4% from the second quarter of 2018 and decreased 12% from the third quarter of 2017. The decrease from the second quarter of 2018 was primarily due to lower lease operating expenses and increased equivalent production partially offset by increased gross production tax expense. The decrease from the third quarter of 2017 was primarily due to the reclassification of deducts from the ASC 606 revenue recognition standard.

At September 30, 2018, these derivatives were outstanding:

Term	Commodity	Contracted Volume	Weighted Average Fixed Price	Contracted Market
Oct'18	Natural gas – swap	30,000 MMBtu/day	\$3.005	IF – NYMEX (HH)
Nov'18 – Dec'18	Natural gas – swap	20,000 MMBtu/day	\$3.013	IF – NYMEX (HH)
Jan'19 – Dec'19	Natural gas – swap	10,000 MMBtu/day	\$2.810	IF – NYMEX (HH)
Oct'18	Natural gas – basis swap	10,000 MMBtu/day	\$(0.190)	NGPL TEXOK
Oct'18 – Dec'18	Natural gas – basis swap	10,000 MMBtu/day	\$(0.678)	PEPL
Oct'18 – Dec'18	Natural gas – basis swap	10,000 MMBtu/day	\$(0.568)	NGPL MIDCON
Nov'18 – Dec'18	Natural gas – basis swap	10,000 MMBtu/day	\$(0.208)	IF – NYMEX (HH)
Jan'19 – Dec'19	Natural gas – basis swap	20,000 MMBtu/day	\$(0.659)	PEPL
Jan'19 – Dec'19	Natural gas – basis swap	10,000 MMBtu/day	\$(0.625)	NGL MIDCON
Jan'19 – Dec'19	Natural gas – basis swap	30,000 MMBtu/day	\$(0.265)	NGPL TEXOK
Jan'20 – Dec'20	Natural gas – basis swap	30,000 MMBtu/day	\$(0.275)	NGPL TEXOK
Oct'18 – Dec'18	Natural gas – three-way collar	20,000 MMBtu/day	\$3.00 - \$2.50 - \$3.51	IF – NYMEX (HH)
Oct'18 – Dec'18	Crude oil – swap	4,000 Bbl/day	\$53.52	WTI – NYMEX
Oct'18 – Dec'18	Crude oil – price differential risk	500 Bbl/day	\$7.00	LLS/WTI
Oct'18 – Dec'18	Crude oil – three-way collar	2,000 Bbl/day	\$47.50 - \$37.50 - \$56.08	WTI – NYMEX
Jan'19 – Dec'19	Crude oil – three-way collar	4,000 Bbl/day	\$61.25 - \$51.25 - \$72.93	WTI – NYMEX

After September 30, 2018, the following derivatives were entered into:

Term	Commodity	Contracted Volume	Weighted Average Fixed Price	Contracted Market
Jan'19 – Dec'19	Natural gas – swap	10,000 MMBtu/day	\$2.850	IF – NYMEX (HH)
Jan'19 – Dec'19	Natural gas – collar	20,000 MMBtu/day	\$2.63 - \$3.03	IF – NYMEX (HH)
Jan'19 – Mar'19	Natural gas – three-way collar	10,000 MMBtu/day	\$3.00 - \$2.75 - \$4.35	IF – NYMEX (HH)

For the nine months ended September 30, 2018, we completed drilling 73 gross wells (21.06 net wells). For all of 2018, we anticipate participating in the drilling of approximately 95 to 105 gross wells. Excluding a reduction in ARO liability and any possible acquisitions, our estimated 2018 capital expenditures for this segment are approximately \$333.0 million. Our current 2018 production guidance is approximately 17.1 to 17.3 MMBoe, an increase of 7-8% from 2017, although actual results continue to be subject to many factors.

Contract Drilling

The average number of drilling rigs we operated in the third quarter of 2018 was 34.2 compared to 32.2 and 34.6 in the second quarter of 2018 and the third quarter of 2017, respectively. As of September 30, 2018, 34 of our drilling rigs were operating.

Revenue for the third quarter of 2018 increased 8% over the second quarter of 2018 and decreased 2% from the third quarter of 2017. The increase over the second quarter of 2018 was primarily due to increased utilization and dayrates. The decrease from the third quarter of 2017 was primarily due to increased eliminations with a large percentage of our drilling rig usage coming from our oil and gas segment in 2018 compared to 2017 partially offset by higher dayrates.

Dayrates for the third quarter of 2018 averaged \$17,589, a 2% increase over the second quarter of 2018 and a 7% increase over the third quarter of 2017. The increase over the second quarter of 2018 was primarily due to general increases with the improving market and the addition of a BOSS drilling rig. The increase over the third quarter of 2017 was due to two labor increases passed through to contracted rigs rates and improving market dayrates.

Operating costs for the third quarter of 2018 were essentially unchanged from the second quarter of 2018 and decreased 8% from the third quarter of 2017. The decrease from the third quarter of 2017 was primarily due to increased eliminations with a larger percentage of our drilling rig usage coming from our oil and gas segment in 2018 and lower per day costs.

Currently, we have 21 term drilling contracts with original terms ranging from six months to three years. Five are up for renewal in the fourth quarter of 2018, 13 in 2019, one in 2020, and two after 2020. The drilling rigs for the two expiring after 2020 are still under construction and will be placed into service in the first quarter of 2019. Term contracts may contain a fixed rate during the contract or provide for rate adjustments within a specific range from the existing rate.

All eleven of our existing BOSS drilling rigs are under contract. Our estimated 2018 capital expenditures for this segment are approximately \$73.0 million.

Competition to keep qualified labor continues to be an issue we face in this segment and in response, we implemented pay rate increases in certain areas in the first quarter of 2018. We do not believe this shortage of qualified labor will keep us from working additional drilling rigs, but it could cause some delays in the time to crew new drilling rigs.

Mid-Stream

Third quarter 2018 liquids sold per day increased 4% over the second quarter of 2018 and increased 32% over the third quarter of 2017, respectively. The increase over the second quarter of 2018 was due to operating in higher recovery mode during the third quarter. The increase over the third quarter of 2017 was primarily due to increased volume available to process at our processing facilities due to additional well connects along with operating in higher recovery mode. For the third quarter of 2018, gas processed per day was essentially unchanged from the second quarter of 2018 and increased 14% over the third quarter of 2017. The increase over the third quarter of 2017 was primarily due to higher volumes from new wells connected to our processing facilities. For the third quarter of 2018, gas gathered per day increased 6% and 8% over the second quarter of 2018 and the third quarter of 2017, respectively. The increases over the second quarter of 2018 and the third quarter of 2017 were primarily due to connecting additional wells to our systems.

NGLs prices in the third quarter of 2018 increased 8% over the prices received in the second quarter of 2018 and increased 13% over the prices received in the third quarter of 2017. Because certain of the contracts used by our mid-stream segment for NGLs transactions are commodity-based contracts—under which we receive a share of the proceeds from the sale of the NGLs—our revenues from those commodity-based contracts fluctuate based on the price of NGLs.

Total operating cost for our mid-stream segment for the third quarter of 2018 increased 9% over the second quarter of 2018 and increased 13% over the third quarter of 2017. The increase over the second quarter of 2018 was primarily due to higher gas and NGLs prices. The increase over the third quarter of 2017 was primarily due to higher purchased volumes and purchase prices.

In the Appalachian region at the Pittsburgh Mills gathering system, average gathered volume for the third quarter of 2018 increased to approximately 142.6 MMcf per day after we added seven new infill wells late in the second quarter. All the new infill wells are currently online and flowing gas. We are completing construction of the new pipeline to connect the next scheduled well pad to our system. Construction of this pipeline is operationally complete and the improvements to the compressor station are expected to be completed early in the fourth quarter. We anticipate receiving production from this pad early in the first quarter of 2019.

At the Hemphill Texas system, average total throughput volume increased to 74.1 MMcf per day for the third quarter of 2018 and total production of NGLs increased to approximately 316,110 gallons per day. During the third quarter, we connected one new well in the Buffalo Wallow area. This new well along with increased production from recently drilled wells in this area contributed to our increased throughput volume. The increased liquid production was due to operating in ethane recovery mode. Unit Petroleum continues to operate a rig in the Buffalo Wallow area and we anticipate connecting additional wells to this system in the 4th quarter. Additionally, we have completed a construction project that increased our compression capacity at the Buffalo Wallow compressor station to accommodate expected additional volumes.

At the Cashion processing facility in central Oklahoma, total throughput volume for the second quarter of 2018 averaged approximately 47.5 MMcf per day and total production of NGLs increased to approximately 233,700 gallons per day. This system is operating at full processing capacity and we are in the process of adding additional capacity on this system. We have begun the relocation of a 60 MMcf per day processing plant from our Bellmon facility to the Cashion system. This \$20.0 million plant expansion/relocation project is underway and will increase our total processing capacity to approximately 105 MMcf per day. This project is expected to be completed and operational in the first quarter of 2019. We connected eight new wells to this system in the third quarter of 2018 and we are continuing to connect additional wells from a third party producer who is active in this area.

At the Segno gathering facility in Southeast Texas, gathered volume for the third quarter of 2018 averaged approximately 83.1 MMcf per day. At this facility, the existing gathering and dehydration capacity will allow us to gather up to 120 MMcf per day. In the third quarter of 2018, we added one new well to this system. Unit Petroleum is actively drilling in the Segno area, as well as, reworking and recompleting existing wells that are connected to our system which will continue to add additional volume.

Our estimated 2018 capital expenditures for this segment are approximately \$50.0 million.

Financial Condition and Liquidity

Summary

Our financial condition and liquidity depends on the cash flow from our operations and borrowings under our credit agreements. Our cash flow is based primarily on:

- the amount of natural gas, oil, and NGLs we produce;
- the prices we receive for our natural gas, oil, and NGLs production;
- the demand for and the dayrates we receive for our drilling rigs; and
- the fees and margins we obtain from our natural gas gathering and processing contracts.

We believe we will have enough cash flow and liquidity to meet our obligations and remain in compliance with our debt covenants for the next twelve months. Our ability to meet our debt covenants (under our credit agreements and our 2011 Indenture) and our capacity to incur additional indebtedness will depend on our future performance, which will be affected by financial, business, economic, regulatory, and other factors. For example, if we experience lower oil, natural gas, and NGLs prices since the last borrowing base determination under the Unit credit agreement, it could reduce the borrowing base and therefore reduce or limit our ability to incur indebtedness. We monitor our liquidity and capital resources, endeavor to anticipate potential covenant compliance issues, and work, where possible, with our lenders to address those issues ahead of time.

	Nine Months Ended September 30,		%
	2018	2017	Change
(In thousands except percentages)			
Net cash provided by operating activities	\$ 236,535	\$ 184,792	28%
Net cash used in investing activities	(279,507)	(204,184)	37%
Net cash provided by financing activities	133,828	19,321	NM
Net increase (decrease) in cash and cash equivalents	\$ 90,856	\$ (71)	

Cash Flows from Operating Activities

Our operating cash flow is primarily influenced by the prices we receive for our oil, NGLs, and natural gas production, the quantity of oil, NGLs, and natural gas we produce, settlements of derivative contracts, and third-party demand for our drilling rigs and mid-stream services and the rates we obtain for those services. Our cash flows from operating activities are also affected by changes in working capital.

Net cash provided by operating activities in the first nine months of 2018 increased by \$51.7 million as compared to the first nine months of 2017. The increase resulted from increased operating profit in all three segments and a smaller decrease in changes in operating assets and liabilities related to the timing of cash receipts and disbursements partially offset by decreases in cash for derivatives settled.

Cash Flows from Investing Activities

We dedicate and expect to continue to dedicate a substantial portion of our capital budget to the exploration for and production of oil, NGLs, and natural gas. These expenditures are necessary to off-set the inherent production declines typically experienced in oil and gas wells.

Cash flows used in investing activities increased by \$75.3 million for the first nine months of 2018 compared to the first nine months of 2017. The change was due primarily to an increase in capital expenditures for development drilling and construction of BOSS drilling rigs partially offset by a reduction of cash spent on producing properties and other acquisitions. See additional information on capital expenditures below under Capital Requirements.

Cash Flows from Financing Activities

Cash flows provided by financing activities increased by \$114.5 million for the first nine months of 2018 compared to the first nine months of 2017. The increase was primarily due to the proceeds from the sale of 50% interest in our mid-stream segment partially offset by the pay down of our outstanding debt under the Unit credit agreement.

At September 30, 2018, we had unrestricted cash and cash equivalents totaling \$91.6 million and had not borrowed any of the \$425.0 million or \$200.0 million we had elected to have available under either of the Unit or Superior credit agreements, respectively. The credit agreements are used primarily for working capital and capital expenditures. On April 3, 2018, we paid down the outstanding debt under the Unit credit agreement.

Below, we summarize certain financial information as of September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017:

	September 30,		%
	2018	2017	Change
(In thousands except percentages)			
Working capital	\$ (15,959)	\$ (62,181)	74 %
Long-term debt less debt issuance costs	\$ 643,921	\$ 803,833	(20)%
Unit Corporation's shareholders' equity	\$ 1,467,737	\$ 1,251,905	17 %
Net income attributable to Unit Corporation	\$ 32,552	\$ 28,693	13 %

Working Capital

Typically, our working capital balance fluctuates, in part, because of the timing of our trade accounts receivable and accounts payable and the fluctuation in current assets and liabilities associated with the mark to market value of our derivative activity. We had negative working capital of \$16.0 million and negative working capital of \$62.2 million as of September 30, 2018 and 2017, respectively. The increase in working capital is primarily due to increased cash and cash equivalents from the sale of 50% interest in our mid-stream segment and increased accounts receivable due to increased revenues partially offset by increased accounts payable due to increased activity in our drilling program and increased drilling rig utilization and the change in the value of outstanding derivatives. The Unit and Superior credit agreements are used primarily for working capital and capital expenditures. At September 30, 2018, we had not borrowed any of the \$425.0 million or the \$200.0 million available under the Unit or Superior credit agreements, respectively. The effect of our derivative contracts decreased working capital by \$13.1 million as of September 30, 2018 and increased working capital by \$0.4 million as of September 30, 2017.

This table summarizes certain operating information:

	Nine Months Ended		% Change
	September 30,		
	2018	2017	
Oil and Natural Gas:			
Oil production (MBbls)	2,121	1,990	7 %
NGLs production (MBbls)	3,702	3,476	7 %
Natural gas production (MMcf)	41,572	37,317	11 %
Average oil price per barrel received	\$ 56.40	\$ 47.62	18 %
Average oil price per barrel received excluding derivatives	\$ 65.89	\$ 46.99	40 %
Average NGLs price per barrel received	\$ 23.03	\$ 17.05	35 %
Average NGLs price per barrel received excluding derivatives	\$ 23.55	\$ 17.05	38 %
Average natural gas price per Mcf received	\$ 2.35	\$ 2.50	(6)%
Average natural gas price per Mcf received excluding derivatives	\$ 2.26	\$ 2.55	(11)%
Contract Drilling:			
Average number of our drilling rigs in use during the period	32.7	29.7	10 %
Total number of drilling rigs owned at the end of the period	96	95	1 %
Average dayrate	\$ 17,327	\$ 16,120	7 %
Mid-Stream:			
Gas gathered—Mcf/day	393,414	385,846	2 %
Gas processed—Mcf/day	157,313	133,986	17 %
Gas liquids sold—gallons/day	651,979	518,054	26 %
Number of natural gas gathering systems	22 ⁽¹⁾	25	(12)%
Number of processing plants	14	13	8 %

(1) In the first quarter of 2018, our mid-stream segment transferred two natural gas gathering systems to our oil and natural gas segment.

Oil and Natural Gas Operations

Any significant change in oil, NGLs, or natural gas prices has a material effect on our revenues, cash flow, and the value of our oil, NGLs, and natural gas reserves. Generally, prices and demand for domestic natural gas are influenced by weather conditions, supply imbalances, and by worldwide oil price levels. Global oil market developments primarily influence domestic oil prices. These factors are beyond our control and we cannot predict nor measure their future influence on the prices we will receive.

Based on our first nine months of 2018 production, a \$0.10 per Mcf change in what we are paid for our natural gas production, without the effect of derivatives, would cause a corresponding \$447,000 per month (\$5.4 million annualized) change in our pre-tax operating cash flow. The average price we received for our natural gas production, including the effect of derivatives, during the first nine months of 2018 was \$2.35 compared to \$2.50 for the first nine months of 2017. Based on our first nine months of 2018 production, a \$1.00 per barrel change in our oil price, without the effect of derivatives, would have a \$225,000 per month (\$2.7 million annualized) change in our pre-tax operating cash flow and a \$1.00 per barrel change in our NGLs prices, without the effect of derivatives, would have a \$398,000 per month (\$4.8 million annualized) change in our pre-tax operating cash flow. In the first nine months of 2018, our average oil price per barrel received, including the effect of derivatives, was \$56.40 compared with an average oil price, including the effect of derivatives, of \$47.62 in the first nine months of 2017 and our first nine months of 2018 average NGLs price per barrel received, including the effect of derivatives was \$23.03 compared with an average NGLs price per barrel of \$17.05 in the first nine months of 2017.

Because commodity prices affect the value of our oil, NGLs, and natural gas reserves, declines in those prices can cause a decline in the carrying value of our oil and natural gas properties. At September 30, 2018, the 12-month average unescalated prices were \$63.43 per barrel of oil, \$38.69 per barrel of NGLs, and \$2.91 per Mcf of natural gas, and then are adjusted for price differentials. We did not take a write down in the first nine months of 2018.

It is hard to predict with any reasonable certainty the need for or amount of any future impairments given the many factors that go into the ceiling test calculation including, but not limited to, future pricing, operating costs, drilling and completion costs, upward or downward oil and gas reserve revisions, oil and gas reserve additions, and tax attributes. Subject to these inherent uncertainties, if we hold these same factors constant as they existed at September 30, 2018, and only adjust the 12-month average price to an estimated fourth quarter ending average (holding October 2018 prices constant for the remaining two months of the fourth quarter of 2018), our forward looking expectation is that we will not recognize an impairment in the fourth quarter of 2018. But commodity prices (and other factors) remain volatile and they could negatively affect the 12-month average price resulting in the potential for a future impairment.

Our natural gas production is sold to intrastate and interstate pipelines and to independent marketing firms and gatherers under contracts with terms ranging from one month to five years. Our oil production is sold to independent marketing firms generally under six month contracts.

Contract Drilling Operations

Many factors influence the number of drilling rigs we are working and the costs and revenues associated with that work. These factors include the demand for drilling rigs in our areas of operation, competition from other drilling contractors, the prevailing prices for oil, NGLs, and natural gas, availability and cost of labor to run our drilling rigs, and our ability to supply the equipment needed.

Most of our working drilling rigs were drilling horizontal or directional wells for oil and NGLs. The continuous fluctuations in commodity prices for oil and natural gas changes the demand for drilling rigs. These factors ultimately affect the demand and mix of the type of drilling rigs used by our customers. The future demand for and the availability of drilling rigs to meet that demand will affect our future dayrates. For the first nine months of 2018, our average dayrate was \$17,327 per day compared to \$16,120 per day for the first nine months of 2017. The average number of our drilling rigs used in the first nine months of 2018 was 32.7 drilling rigs compared with 29.7 drilling rigs in the first nine months of 2017. Based on the average utilization of our drilling rigs during the first nine months of 2018, a \$100 per day change in dayrates has a \$3,270 per day (\$1.2 million annualized) change in our pre-tax operating cash flow.

Our contract drilling segment provides drilling services for our exploration and production segment. Some of the drilling services we perform on our properties are, depending on the timing of those services, deemed to be associated with acquiring an ownership interest in the property. In those cases, revenues and expenses for those services are eliminated in our income statements, with any profit recognized as a reduction in our investment in our oil and natural gas properties. The contracts for these services are issued under the same conditions and rates as the contracts entered into with unrelated third parties. We eliminated revenue of \$18.0 million and \$9.6 million for the first nine months of 2018 and 2017, respectively, from our contract drilling segment and eliminated the associated operating expense of \$15.5 million and \$8.6 million during the first nine months of 2018 and 2017, respectively, yielding \$2.4 million and \$1.0 million during the first nine months of 2018 and 2017, respectively, as a reduction to the carrying value of our oil and natural gas properties.

Mid-Stream Operations

Our mid-stream segment is engaged primarily in the buying, selling, gathering, processing, and treating of natural gas. It operates three natural gas treatment plants, 14 processing plants, 22 gathering systems, and approximately 1,470 miles of pipeline. It operates in Oklahoma, Texas, Kansas, Pennsylvania, and West Virginia. Besides serving third parties, this segment also enhances our ability to gather and market our own natural gas and NGLs and serving as a mechanism through which we can construct or acquire existing natural gas gathering and processing facilities. During the first nine months of 2018 and 2017, our mid-stream operations purchased \$59.8 million and \$43.2 million, respectively, of our natural gas production and NGLs, and provided gathering and transportation services of \$5.2 million and \$4.9 million, respectively. Intercompany revenue from services and purchases of production between this business segment and our oil and natural gas segment has been eliminated in our unaudited condensed consolidated financial statements.

This segment gathered an average of 393,414 Mcf per day in the first nine months of 2018 compared to 385,846 Mcf per day in the first nine months of 2017. It processed an average of 157,313 Mcf per day in the first nine months of 2018 compared to 133,986 Mcf per day in the first nine months of 2017. The NGLs sold was 651,979 gallons per day in the first nine months of 2018 compared to 518,054 gallons per day in the first nine months of 2017. Gas gathered volumes per day in the first nine months of 2018 increased 2% compared to the first nine months of 2017 primarily due to connecting additional wells to our Cashion and Hemphill facilities. Gas processed volumes for the first nine months of 2018 increased 17% over the first nine months of 2017 due to connecting new wells at the Cashion and Hemphill processing facilities. NGLs sold increased 26% over the comparative period due to higher volume available to process at our plants along with operating in higher recovery mode.

At-the-Market (ATM) Common Stock Program

On May 2, 2018, we terminated the Distribution Agreement dated April 4, 2017, as amended (the Distribution Agreement), between the company and Raymond James & Associates, Inc. (the Sales Agent). The Distribution Agreement was terminable at will on written notification by the company with no penalty. Under the Distribution Agreement, the company was entitled to issue and sell, from time to time, through or to the Sales Agent shares of its common stock, having an aggregate offering price of up to \$100.0 million in an "at-the-market" offering program. As of the date of termination, the company sold 787,547 shares of its Common Stock under the Distribution Agreement. As a result of the termination, there will be no more sales of the our common stock under the Distribution Agreement.

Our Credit Agreements and Senior Subordinated Notes

Unit Credit Agreement. On October 18, 2018, we signed the fifth amendment to the Unit credit agreement originally scheduled to mature on April 10, 2020 (Fifth Amendment). The Fifth Amendment amends our existing credit agreement entered into between the Company and certain lenders on September 13, 2011, as amended September 12, 2012, as further amended April 10, 2015, as further amended on April 8, 2016, as further amended on April 2, 2018, attached as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 15, 2011, September 11, 2012, April 13, 2015, April 8, 2016, and April 6, 2018, respectively, and the Company's Current Report on Form 8-K/A filed on April 13, 2016, and each incorporated by reference herein.

The Fifth Amendment, among other things, (i) extends the term of the Unit credit agreement to October 18, 2023, subject to certain conditions; (ii) reduces the pricing for borrowing and non-use fees; and (iii) eliminates the requirement that the company maintain a senior indebtedness to consolidated EBITDA ratio. The total commitment of credit and the borrowing base both remain unchanged at \$425.0 million.

Under the Unit credit agreement, the amount we can borrow is the lesser of the amount we elect as the commitment amount or the value of the borrowing base as determined by the lenders, but in either event not to exceed the maximum credit agreement. We are charged a commitment fee of 0.375% on the amount available but not borrowed. That fee varies based on the amount borrowed as a percentage of the total borrowing base. Total amendment fees of \$3.3 million in origination, agency, syndication, and other related fees are being amortized over the life of the Unit credit agreement. Under the Unit credit agreement, we have pledged as collateral 80% of the proved developed producing (discounted as present worth at 8%) total value of our oil and gas properties.

On April 2, 2018, we signed the fourth amendment to the Unit credit agreement. The Fourth Amendment provided, among other things, for a reduction of the maximum credit amount from \$875.0 million to \$425.0 million, a reduction in the borrowing base from \$475.0 million to \$425.0 million, a reduction in the total commitment amount from \$475.0 million to \$425.0 million; and the full release of Superior and its subsidiaries as a borrower and co-obligor under the Unit credit agreement. Under the amendment once the sale of the interest in Superior was completed, we were required to use part of the proceeds to pay down the Unit credit agreement. The Superior sale closed on April 3, 2018 and the pay down was made that day.

On May 2, 2018, as contemplated under the Fourth Amendment, we entered into a Pledge Agreement with BOKF, NA (dba Bank of Oklahoma), as administrative agent for the benefit of the secured parties, under which we granted a security interest in the limited liability membership interests and other equity interests we own in Superior (which as of the date of this report is 50% of the aggregate outstanding equity interests of Superior) as additional collateral for our obligations under the Unit credit agreement.

The current lenders under our Unit credit agreement and their respective participation interests are:

Lender	Participation Interest
BOK (BOKF, NA, dba Bank of Oklahoma)	17.060%
BBVA Compass Bank	17.060%
BMO Harris Financing, Inc.	15.294%
Bank of America, N.A.	15.294%
Comerica Bank	8.235%
Toronto Dominion Bank, New York Branch	8.235%
Canadian Imperial Bank of Commerce	8.235%
Arvest Bank	3.529%
Branch Banking & Trust	3.529%
IBERIABANK	3.529%
	100.000%

The borrowing base amount which is subject to redetermination by the lenders on April 1st and October 1st of each year is based on a percentage of the discounted future value of our oil and natural gas reserves. We or the lenders may request a onetime special redetermination of the borrowing base between each scheduled redetermination. In addition, we may request a redetermination following the completion of an acquisition that meets the requirements in the Unit credit agreement.

At our election, any part of the outstanding debt under the Unit credit agreement could be fixed at a London Interbank Offered Rate (LIBOR). LIBOR interest is computed as the LIBOR base for the term plus 1.50% to 2.50% depending on the level of debt as a percentage of the borrowing base and is payable at the end of each term, or every 90 days, whichever is less. Borrowings not under LIBOR bear interest at the prime rate specified in the Unit credit agreement that cannot be less than LIBOR plus 1.00% plus a margin. Interest is payable at the end of each month and the principal may be repaid in whole or in part at any time, without a premium or penalty. At September 30, 2018, we did not have any outstanding borrowings. The outstanding balance was paid down on April 3, 2018.

We can use borrowings for financing general working capital requirements for (a) exploration, development, production, and acquisition of oil and gas properties, (b) acquisitions and operation of mid-stream assets up to certain limits, (c) issuance of standby letters of credit, (d) contract drilling services and acquisition of contract drilling equipment, and (e) general corporate purposes.

The Unit credit agreement prohibits, among other things:

- the payment of dividends (other than stock dividends) during any fiscal year over 30% of our consolidated net income for the preceding fiscal year;
- the incurrence of additional debt with certain limited exceptions;
- the creation or existence of mortgages or liens, other than those in the ordinary course of business and with certain limited exceptions, on any of our properties, except in favor of our lenders;
- investments in Unrestricted Subsidiaries in excess of \$200.0 million.

The Unit credit agreement also requires that we have at the end of each quarter:

- a current ratio (as defined in the credit agreement) of not less than 1 to 1.
- a leverage ratio of funded debt to consolidated EBITDA (as defined in the Unit credit agreement) for the most recently ended rolling four fiscal quarters of no greater than 4 to 1.

As of September 30, 2018, we were in compliance with the Unit credit agreement covenants.

Superior Credit Agreement. On May 10, 2018, Superior, a limited liability company equally owned between the Company and SP Investor Holdings, LLC, entered into a five-year, \$200.0 million senior secured revolving credit facility with an option to increase the credit amount up to \$250.0 million, subject to certain conditions. The amounts borrowed under the

Superior credit agreement bear annual interest at a rate, at Superior's option, equal to (a) LIBOR plus the applicable margin of 2.00% to 3.25% or (b) the alternate base rate (greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate, and (iii) third day LIBOR plus 1.00%) plus the applicable margin of 1.00% to 2.25%. The obligations under the Superior credit agreement are secured by, among other things, mortgage liens on certain of Superior's processing plants and gathering systems.

Superior is charged a commitment fee of 0.375% on the amount available but not borrowed which varies based on the amount borrowed as a percentage of the total borrowing base. Superior paid \$1.7 million in origination, agency, syndication, and other related fees. These fees are being amortized over the life of the Superior credit agreement.

The Superior credit agreement requires that Superior maintain a Consolidated EBITDA to interest expense ratio for the most-recently ended rolling four quarters of at least 2.50 to 1.00, and a funded debt to Consolidated EBITDA ratio of not greater than 4.00 to 1.00. Additionally, the Superior credit agreement contains a number of customary covenants that, among other things, restrict (subject to certain exceptions) Superior's ability to incur additional indebtedness, create additional liens on its assets, make investments, pay distributions, enter into sale and leaseback transactions, engage in certain transactions with affiliates, engage in mergers or consolidations, enter into hedging arrangements, and acquire or dispose of assets. As of September 30, 2018, Superior was in compliance with the Superior credit agreement covenants.

The borrowings the Superior credit agreement will be used to fund capital expenditures and acquisitions, provide general working capital, and for letters of credit for Superior.

On June 27, 2018, Superior and the lenders amended the Superior credit agreement to revise certain definitions in the agreement.

Superior's credit agreement is not guaranteed by Unit.

The current lenders under the Superior credit agreement and their respective participation interests are:

Lender	Participation Interest
BOK (BOKF, NA, dba Bank of Oklahoma)	17.50%
Compass Bank	17.50%
BMO Harris Financing, Inc.	13.75%
Toronto Dominion (New York), LLC	13.75%
Bank of America, N.A.	10.00%
Branch Banking and Trust Company	10.00%
Comerica Bank	10.00%
Canadian Imperial Bank of Commerce	7.50%
	100.00%

6.625% Senior Subordinated Notes. We have an aggregate principal amount of \$650.0 million, 6.625% senior subordinated notes (the Notes) outstanding. Interest on the Notes is payable semi-annually (in arrears) on May 15 and November 15 of each year. The Notes mature on May 15, 2021. In issuing the Notes, we incurred fees of \$14.7 million that are being amortized as debt issuance cost over the life of the Notes.

The Notes are subject to an Indenture dated as of May 18, 2011, between us and Wilmington Trust, National Association (successor to Wilmington Trust FSB), as Trustee (the Trustee), as supplemented by the First Supplemental Indenture dated as of May 18, 2011, between us, the Guarantors, and the Trustee, and as further supplemented by the Second Supplemental Indenture dated as of January 7, 2013, between us, the Guarantors, and the Trustee (as supplemented, the 2011 Indenture), establishing the terms of and providing for issuing the Notes. The Guarantors are most of our direct and indirect subsidiaries, but excluding Superior. The discussion of the Notes in this report is qualified by and subject to the actual terms of the 2011 Indenture.

Unit, as the parent company, has no significant independent assets or operations. The guarantees by the Guarantors of the Notes (registered under registration statements) are full and unconditional, joint and several, subject to certain automatic customary releases, are subject to certain restrictions on the sale, disposition, or transfer of the capital stock or substantially all of the assets of a subsidiary guarantor, and other conditions and terms set out in the 2011 Indenture. Effective April 3, 2018, Superior is no longer a Guarantor of the Notes. Any of our subsidiaries that are not Guarantors are minor. There are no

significant restrictions on our ability to receive funds from any of our subsidiaries through dividends, loans, advances, or otherwise.

We may redeem all or, occasionally, a part of the Notes at certain redemption prices, plus accrued and unpaid interest. If a "change of control" occurs, subject to certain conditions, we must offer to repurchase from each holder all or any part of that holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes plus accrued and unpaid interest to the date of purchase. The 2011 Indenture contains customary events of default. The 2011 Indenture also contains covenants including those that limit our ability and the ability of certain of our subsidiaries to incur or guarantee additional indebtedness; pay dividends on our capital stock or redeem capital stock or subordinated indebtedness; transfer or sell assets; make investments; incur liens; enter into transactions with our affiliates; and merge or consolidate with other companies. We were in compliance with all covenants of the Notes as of September 30, 2018.

Capital Requirements

Oil and Natural Gas Segment Dispositions, Acquisitions, and Capital Expenditures. Most of our capital expenditures for this segment are discretionary and directed toward future growth. Our decisions to increase our oil, NGLs, 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 which provide us with flexibility in deciding when and if to incur these costs. We completed drilling 73 gross wells (21.06 net wells) in the first nine months of 2018 compared to 43 gross wells (15.10 net wells) in the first nine months of 2017.

Capital expenditures for oil and gas properties on the full cost method for the first nine months of 2018 by this segment, excluding \$0.8 million for acquisitions and a \$8.5 million reduction in the ARO liability, totaled \$259.4 million. Capital expenditures for the first nine months of 2017, excluding \$56.4 million for acquisitions and a \$2.8 million reduction in the ARO liability, totaled \$143.7 million.

We anticipate participating in drilling approximately 95 to 105 gross wells in 2018 and our total estimated capital expenditures (excluding a reduction in ARO liability and any possible acquisitions) for this segment are approximately \$333.0 million. Whether we can drill the full number of wells planned depends on several factors, many of which are beyond our control, including the availability of drilling rigs, availability of pressure pumping services, prices for oil, NGLs, and natural gas, demand for oil, NGLs, and natural gas, the cost to drill wells, the weather, and the efforts of outside industry partners.

Contract Drilling Segment Dispositions, Acquisitions, and Capital Expenditures. During the first quarter of 2018, we were awarded a term contract to build our 11th BOSS drilling rig. Construction has been completed and the drilling rig was placed into service in mid-July. During the second quarter and third quarter of 2018, we were awarded term contracts to build our 12th and 13th BOSS drilling rigs. Construction is in progress and the drilling rigs will be placed into service in the first quarter of 2019.

Our estimated 2018 capital expenditures for this segment are approximately \$73.0 million. At September 30, 2018, we had commitments to purchase approximately \$10.1 million for drilling equipment over the next year. We have spent \$46.5 million for capital expenditures during the first nine months of 2018, compared to \$30.0 million for capital expenditures during the first nine months of 2017.

Mid-Stream Dispositions, Acquisitions, and Capital Expenditures. In the Appalachian region at the Pittsburgh Mills gathering system, average gathered volume for the third quarter of 2018 increased to approximately 142.6 MMcf per day after we added seven new infill wells late in the second quarter. All the new infill wells are currently online and flowing gas. We are completing construction of the new pipeline to connect the next scheduled well pad to our system. Construction of this pipeline is operationally complete and the improvements to the compressor station are expected to be completed early in the fourth quarter. We anticipate receiving production from this pad early in the first quarter of 2019.

At the Hemphill Texas system, average total throughput volume increased to 74.1 MMcf per day for the third quarter of 2018 and total production of NGLs increased to approximately 316,110 gallons per day. During the third quarter, we connected one new well in the Buffalo Wallow area. This new well along with increased production from recently drilled wells in this area contributed to our increased throughput volume. The increased liquid production was due to operating in ethane recovery mode. Unit Petroleum continues to operate a rig in the Buffalo Wallow area and we anticipate connecting additional wells to this system in the 4th quarter. Additionally, we have completed a construction project that increased our compression capacity at the Buffalo Wallow compressor station to accommodate expected additional volumes.

At the Cashion processing facility in central Oklahoma, total throughput volume for the second quarter of 2018 averaged approximately 47.5 MMcf per day and total production of NGLs increased to approximately 233,700 gallons per day. This system is operating at full processing capacity and we are in the process of adding additional capacity on this system. We have begun the relocation of a 60 MMcf per day processing plant from our Bellmon facility to the Cashion system. This \$20.0 million plant expansion/relocation project is underway and will increase our total processing capacity to approximately 105 MMcf per day. This project is expected to be completed and operational in the first quarter of 2019. We connected eight new wells to this system in the third quarter of 2018 and we are continuing to connect additional wells from a third party producer who is active in this area.

At the Segno gathering facility in Southeast Texas, gathered volume for the third quarter of 2018 averaged approximately 83.1 MMcf per day. At this facility, the existing gathering and dehydration capacity will allow us to gather up to 120 MMcf per day. In the third quarter of 2018, we added one new well to this system. Unit Petroleum is actively drilling in the Segno area, as well as, reworking and recompleting existing wells that are connected to our system which will continue to add additional volume.

On April 3, 2018, the company completed the sale of 50% of the ownership interests in Superior to SP Investor Holdings, LLC, a holding company jointly owned by OPTrust and funds managed and/or advised by Partners Group, a global private markets investment manager, for cash consideration of \$300.0 million.

During the first nine months of 2018, our mid-stream segment incurred \$29.0 million in capital expenditures as compared to \$10.1 million in the first nine months of 2017. For 2018, our estimated capital expenditures are approximately \$50.0 million.

Contractual Commitments

At September 30, 2018, we had certain contractual obligations including:

	Payments Due by Period				
	Total	Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years
	(In thousands)				
Long-term debt ⁽¹⁾	\$ 762,906	\$ 43,063	\$ 719,843	\$ —	\$ —
Operating leases ⁽²⁾	7,967	5,144	2,798	25	—
Capital lease interest and maintenance ⁽³⁾	5,357	2,234	3,123	—	—
Drill pipe, drilling components, and equipment purchases ⁽⁴⁾	10,064	10,064	—	—	—
Total contractual obligations	\$ 786,294	\$ 60,505	\$ 725,764	\$ 25	\$ —

(1) See previous discussion in MD&A regarding our long-term debt. This obligation is presented in accordance with the terms of the Notes and credit agreement and includes interest calculated using our September 30, 2018 interest rates of 6.625% for the Notes. At September 30, 2018, our credit agreement had a maturity date of April 10, 2020. The outstanding credit facility balance was paid down on April 3, 2018 and as of September 30, 2018, we did not have any outstanding borrowings.

(2) We lease office space or yards in Edmond and Oklahoma City, Oklahoma; Houston, Texas; Englewood, Colorado; Pinedale, Wyoming; and Canonsburg, Pennsylvania under the terms of operating leases expiring through December 2021. Additionally, we have several equipment leases and lease space on short-term commitments to stack excess drilling rig equipment and production inventory.

(3) Maintenance and interest payments are included in our capital lease agreements. The capital leases are discounted using annual rates of 4.00%. Total maintenance and interest remaining are \$4.6 million and \$0.8 million, respectively.

(4) We have committed to pay \$10.1 million for drilling rig components, drill pipe, and related equipment over the next year.

During the second quarter of 2018, we entered into a contractual obligation that commits us to spend \$150.0 million for drilling wells in the Granite Wash/Bufalo Wallow area over the next three years starting January 1, 2019. This amount is already included in our drilling plan. For each dollar of the \$150.0 million that we do not spend (over the three year period), we would forgo receiving \$0.58 of future distributions from our 50% ownership interest in our consolidated mid-stream subsidiary. If we elected not to drill or spend any money in the designated area over the three year period, the maximum amount we could forgo from distributions would be \$87.0 million.

At September 30, 2018, we also had the following commitments and contingencies that could create, increase, or accelerate our liabilities:

Other Commitments	Estimated Amount of Commitment Expiration Per Period				
	Total Accrued	Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years
(In thousands)					
Deferred compensation plan ⁽¹⁾	\$ 5,623	Unknown	Unknown	Unknown	Unknown
Separation benefit plans ⁽²⁾	\$ 8,135	\$ 966	Unknown	Unknown	Unknown
Asset retirement liability ⁽³⁾	\$ 62,727	\$ 1,451	\$ 36,308	\$ 3,747	\$ 21,221
Gas balancing liability ⁽⁴⁾	\$ 3,283	Unknown	Unknown	Unknown	Unknown
Repurchase obligations ⁽⁵⁾	\$ —	Unknown	Unknown	Unknown	Unknown
Workers' compensation liability ⁽⁶⁾	\$ 12,832	\$ 4,897	\$ 2,501	\$ 1,067	\$ 4,367
Capital leases obligations ⁽⁷⁾	\$ 12,355	\$ 3,961	\$ 8,394	\$ —	\$ —
Contract liability ⁽⁸⁾	\$ 10,605	\$ 2,875	\$ 5,654	\$ 2,076	\$ —

- (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 Unaudited Condensed Consolidated Balance Sheets, 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 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 four 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 certain 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. Currently there are no participants in the Senior 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.
- (3) When a well is drilled or acquired, under ASC 410 "Accounting for Asset Retirement Obligations," we record the discounted 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 those properties we believe do not have sufficient oil, NGLs, and natural gas reserves 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 2011. One of our subsidiaries serves as the general partner of each of these programs. Effective December 31, 2014, The Unit 1984 Oil and Gas Limited Partnership dissolved and effective December 31, 2016, the two 1986 partnerships were dissolved. The Partnerships were formed for the purpose of conducting oil and natural gas 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. Repurchases in any one year are limited to 20% of the units outstanding. We made repurchases of approximately \$1,700 and \$2,900 in the first nine months of 2018 and 2017, respectively.
- (6) We have recorded a liability for future estimated payments related to workers' compensation claims primarily associated with our contract drilling segment.
- (7) The amount includes commitments under capital lease arrangements for compressors in Superior.
- (8) We have recorded a liability related to the timing of revenue recognized on certain demand fees for Superior.

Derivative Activities

Periodically we enter into derivative transactions locking in the prices to be received for a portion of our oil, NGLs, and natural gas production.

Commodity Derivatives. Our commodity derivatives are intended to reduce our exposure to price volatility and manage price risks. Our decision on the type and quantity of our production and the price(s) of our derivative(s) is based, in part, on our view of current and future market conditions. At September 30, 2018, based on our third quarter 2018 average daily production, the approximated percentages of our production under derivative contracts are as follows:

	2018	2019
	Q4	
Daily oil production	80%	53%
Daily natural gas production	28%	13%

With respect to the commodities subject to derivative contracts, those contracts serve to limit the risk of adverse downward price movements. However, they also limit increases in future revenues that would otherwise result from price movements above the contracted prices.

The use of derivative transactions carries with it the risk that the counterparties may not be able to meet their financial obligations under the transactions. Based on our September 30, 2018 evaluation, we believe the risk of non-performance by our counterparties is not material. At September 30, 2018, the fair values of the net assets (liabilities) we had with each of the counterparties to our commodity derivative transactions are as follows:

	September 30, 2018
	(In millions)
Canadian Imperial Bank of Commerce	\$ —
Bank of America	(2.2)
Bank of Montreal	(12.4)
Total liabilities	\$ (14.6)

If a legal right of set-off exists, we net the value of the derivative transactions we have with the same counterparty in our Unaudited Condensed Consolidated Balance Sheets. At September 30, 2018, we recorded the fair value of our commodity derivatives on our balance sheet as current and non-current derivative liabilities of \$13.1 million and \$1.5 million, respectively. At December 31, 2017, we recorded the fair value of our commodity derivatives on our balance sheet as current derivative assets of \$0.7 million and current derivative liabilities of \$7.8 million.

For our economic hedges any changes in their fair value occurring before their maturity (i.e., temporary fluctuations in value) are reported in gain (loss) on derivatives in our Unaudited Condensed Consolidated Income Statements. These gains (losses) at September 30 are as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
	(In thousands)			
Gain (loss) on derivatives:				
Gain (loss) on derivatives, included are amounts settled during the period of (\$9,112), \$840, (\$18,040) and (\$729), respectively	\$ (4,385)	\$ (2,614)	\$ (25,608)	\$ 21,019
	<u>\$ (4,385)</u>	<u>\$ (2,614)</u>	<u>\$ (25,608)</u>	<u>\$ 21,019</u>

Stock and Incentive Compensation

During the first nine months of 2018, we granted awards covering 1,250,880 shares of restricted stock. These awards had an estimated fair value as of their grant date of \$24.4 million. Compensation expense will be recognized over the three year vesting periods, and during the nine months of 2018, we recognized \$6.6 million in compensation expense and capitalized \$1.0 million for these awards. During the first nine months of 2018, we recognized compensation expense of \$13.6 million for all of our restricted stock and capitalized \$1.6 million of compensation cost for oil and natural gas properties.

During the first nine months of 2017, we granted awards covering 698,276 shares of restricted stock. These awards had an estimated fair value as of their grant date of \$17.2 million. Compensation expense will be recognized over the three year

vesting periods, and during the nine months of 2017, we recognized \$5.0 million in compensation expense and capitalized \$0.8 million for these awards. During the first nine months of 2017, we recognized compensation expense of \$9.0 million for all of our restricted stock, stock options, and SAR grants and capitalized \$1.3 million of compensation cost for oil and natural gas properties.

Insurance

We are self-insured for certain losses relating to workers' compensation, general liability, control of well, and employee medical benefits. Insured policies for other coverage contain deductibles or retentions per occurrence that range from zero to \$1.0 million. We have purchased stop-loss coverage in order to limit, to the extent feasible, per occurrence and aggregate exposure to certain types of claims. There is no assurance that the insurance coverage we have will protect us against liability from all potential consequences. If insurance coverage becomes more expensive, we may choose to self-insure, decrease our limits, raise our deductibles, or any combination of these rather than pay higher premiums.

Oil and Natural Gas Limited Partnerships and Other Entity Relationships

We are the general partner of 13 oil and natural gas partnerships which were formed privately or publicly. Each partnership's revenues and costs are shared under formulas set out in that partnership's 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. General and administrative reimbursements consist of direct general and administrative expense incurred on the related party's behalf as well as indirect expenses assigned to the related parties. Allocations are based on the related party's level of activity and are considered by us to be reasonable. For the first nine months of 2018 and 2017, the total we received for all of these fees was \$0.1 million in each period. Our proportionate share of assets, liabilities, and net income relating to the oil and natural gas partnerships is included in our unaudited condensed consolidated financial statements.

New Accounting Pronouncements

Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The FASB issued ASU 2018-13 to modify the disclosure requirements in Topic 820. Part of the disclosures were removed or modified and other disclosures were added. The amendment will be effective for reporting periods beginning after December 15, 2019. Early adoption is permitted. Also it is permitted to early adopt any removed or modified disclosure and delay adoption of the additional disclosures until their effective date. This amendment will not have a material impact on our financial statements.

Compensation—Stock Compensation: Improvements to Nonemployee Share-Based Payment Accounting. The FASB issued ASU 2018-07, to improve financial reporting for nonemployee share-based payments. The amendment expands the scope of Topic 718, *Compensation—Stock Compensation* to include share-based payments issued to nonemployees for goods or services. The amendment will be effective for years beginning after December 15, 2019, and interim periods within those years. This amendment will not have a material impact on our financial statements.

Income Taxes - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118. In March 2018, the FASB issued ASU 2018-05 which updates the FASB's Accounting Standards Codification to reflect the guidance in SAB 118, which adds Section EE, "Income Tax Accounting Implications of the Tax Cuts and Jobs Act," to SAB Topic 5, "Miscellaneous Accounting." SAB 118 also provides guidance on applying ASC 740, *Income Taxes*, if the accounting for certain income tax effects of the Tax Cuts and Jobs Act of 2017 is incomplete when the financial statements are issued for a reporting period.

Intangibles—Goodwill and Other: Simplifying the Test for Goodwill Impairment. The FASB issued ASU 2017-04, to simplify the measurement of goodwill. The amendment eliminates Step 2 from the goodwill impairment test. The amendment will be effective prospectively for reporting periods beginning after December 15, 2019, and early adoption is permitted. This amendment will not have a material impact on our financial statements.

Leases. The FASB has issued several accounting standards updates and amendments related to leases in the past two years, which are codified within Topic 842. For public companies, these are effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. The standard requires lessees to recognize at the commencement date of a lease a lease liability, which represents the lessee's obligation to make lease payments arising from the lease, measured on a discounted basis; and a right-of-use asset, which represents the lessee's right to use a specified asset for the lease term. Other recently issued amendments to Topic 842 have provided clarifying guidance regarding land easements, an

additional modified retrospective transition method, and added several practical expedients to apply Topic 842 for both lessees and lessors. The standard will not apply to leases of mineral rights.

We have an implementation team working through the provisions of the new guidance including a review of different types of contracts to document our lease portfolio and assess the impact on our accounting, disclosures, processes, internal control over financial reporting, and the election of certain practical expedients. Our evaluation of the impact of the new guidance on our financial statements is on-going.

We have made certain accounting policy decisions including that we plan to adopt the short-term lease recognition exemption, accounting for certain asset classes at a portfolio level, and establishing a balance sheet recognition capitalization threshold. Our transition will utilize the modified retrospective approach to adopting the new standard, and will be applied at the beginning of the period adopted (January 1, 2019) in accordance with ASU 2018-11. We expect to elect the transition practical expedient, which allows us to not evaluate land easements that existed prior to January 1, 2019, and the optional transition method to record the adoption impact through a cumulative adjustment to equity. We expect for certain lessee asset classes to elect the practical expedient and not separate lease and nonlease components. For these asset classes, we will account for the agreements as a single lease component.

We expect for certain lessor asset classes to elect the practical expedient and not separate lease and nonlease components and determine the appropriate accounting based on the predominate component of the contract. The assessment of predominance is ongoing.

We anticipate a material impact to the balance sheet across segments as we recognize Right of Use assets and liabilities but no material impact to the income statement (from the lessee's perspective). The assessment of the dollar value impact of adoption is on-going.

Adopted Standards

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. The FASB issued ASU 2018-02, an amendment which provides financial statement preparers with an option to reclassify stranded tax effects within AOCI to retained earnings caused by the Tax Cuts and Jobs Act of 2017. The amendment is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. Organizations should apply the proposed amendments either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. We adopted this amendment early and it had no material effect to our financial statements. We previously used 37.75% to calculate the tax effect on AOCI and now we are using 24.5%. The change is reflected in our Unaudited Condensed Consolidated Statements of Comprehensive Income and in Note 14 - Equity.

Revenue from Contracts with Customers. Effective January 1, 2018, we adopted ASC 606. This new revenue standard provides for a five-step analysis of transactions to determine when and how revenue is to be recognized. The guidance in this update supersedes the revenue recognition requirements in ASC 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. We applied the five step method outlined in the ASU to all of our revenue streams in the scope of ASC 606 and elected the modified retrospective approach method. Under that approach the cumulative effect on adoption is recognized as an adjustment to opening retained earnings at January 1, 2018. Only our mid-stream segment was affected. This adjustment related to the timing of revenue on certain demand fees. Both our oil and natural gas and contract drilling segments had no retained earnings adjustment. Comparative prior periods have not been adjusted and continue to be reported under ASC 605.

The additional disclosures required by ASC 606 have been included in Note 2 – Revenue from Contracts with Customers.

Our internal control framework did not materially change as a result of this standard, but the existing internal controls have been modified to consider our new revenue recognition policy effective January 1, 2018. As we implement the new standard, we have added internal controls to ensure that we adequately evaluate new contracts under the five-step model under ASU 2014-09.

Results of Operations

Quarter Ended September 30, 2018 versus Quarter Ended September 30, 2017

Provided below is a comparison of selected operating and financial data:

	Quarter Ended September 30,		Percent Change ⁽¹⁾
	2018	2017	
(In thousands unless otherwise specified)			
Total revenue	\$ 220,058	\$ 188,488	17 %
Net income	\$ 21,123	\$ 3,705	NM
Net income attributable to non-controlling interest	\$ 2,224	\$ —	— %
Net income attributable to Unit Corporation	\$ 18,899	\$ 3,705	NM
Oil and Natural Gas:			
Revenue	\$ 111,623	\$ 85,470	31 %
Operating costs excluding depreciation, depletion, and amortization	\$ 32,139	\$ 33,911	(5)%
Depreciation, depletion, and amortization	\$ 35,460	\$ 26,460	34 %
Average oil price received (Bbl)	\$ 57.72	\$ 47.29	22 %
Average NGLs price received (Bbl)	\$ 25.66	\$ 18.35	40 %
Average natural gas price received (Mcf)	\$ 2.27	\$ 2.36	(4)%
Oil production (Bbl)	692,000	633,000	9 %
NGLs production (Bbl)	1,278,000	1,243,000	3 %
Natural gas production (Mcf)	14,336,000	13,085,000	10 %
Depreciation, depletion, and amortization rate (Boe)	\$ 7.56	\$ 6.18	22 %
Contract Drilling:			
Revenue	\$ 50,612	\$ 51,619	(2)%
Operating costs excluding depreciation	\$ 32,032	\$ 34,747	(8)%
Depreciation	\$ 14,889	\$ 15,280	(3)%
Percentage of revenue from daywork contracts	100%	100%	— %
Average number of drilling rigs in use	34.2	34.6	(1)%
Average dayrate on daywork contracts	\$ 17,589	\$ 16,454	7 %
Mid-Stream:			
Revenue	\$ 57,823	\$ 51,399	12 %
Operating costs excluding depreciation and amortization	\$ 43,134	\$ 38,116	13 %
Depreciation and amortization	\$ 11,265	\$ 10,880	4 %
Gas gathered—Mcf/day	415,862	383,787	8 %
Gas processed—Mcf/day	160,294	140,246	14 %
Gas liquids sold—gallons/day	700,523	530,028	32 %
Corporate and other:			
General and administrative expense	\$ 9,278	\$ 9,235	— %
Other depreciation	\$ 1,923	\$ 1,913	1 %
Gain on disposition of assets	\$ 253	\$ 81	NM
Other income (expense):			
Interest income	\$ 385	\$ —	— %
Interest expense, net	\$ (8,330)	\$ (9,944)	(16)%
Loss on derivatives	\$ (4,385)	\$ (2,614)	68 %
Other	\$ 6	\$ 5	20 %
Income tax expense	\$ 6,744	\$ 1,769	NM
Average long-term debt outstanding	\$ 635,870	\$ 804,617	(21)%
Average interest rate	6.7%	6.0%	12 %

(1) NM – A percentage calculation is not meaningful due to a zero-value denominator or a percentage change greater than 200.

Oil and Natural Gas

Oil and natural gas revenues increased \$26.2 million or 31% in the third quarter of 2018 as compared to the third quarter of 2017 primarily due to higher oil and NGLs prices and higher production volumes partially offset by lower gas prices. In the third quarter of 2018, as compared to the third quarter of 2017, oil production increased 9%, natural gas production increased 10%, and NGLs production increased 3%. Average oil prices increased 22% to \$57.72 per barrel, average natural gas prices decreased 4% to \$2.27 per Mcf, and NGLs prices increased 40% to \$25.66 per barrel.

Oil and natural gas operating costs decreased \$1.8 million or 5% between the comparative third quarters of 2018 and 2017 due to the impact of the ASC 606 Revenue Recognition classification of certain deducts partially offset by higher gross production taxes.

Depreciation, depletion, and amortization (DD&A) increased \$9.0 million or 34% due primarily to a 22% increase in the DD&A rate and an 7% increase in equivalent production. The increase in our DD&A rate in the third quarter of 2018 compared to the third quarter of 2017 resulted primarily from the cost of wells drilled in the last three months of 2017 and the first nine months of 2018.

Contract Drilling

Drilling revenues decreased \$1.0 million or 2% in the third quarter of 2018 versus the third quarter of 2017. The decrease was due primarily to an 1% decrease in the average number of drilling rigs in use and an increase in eliminations with an increase percentage of our drilling rigs being used by our oil and gas segment partially offset by a 7% increase in the average dayrate. Average drilling rig utilization decreased from 34.6 drilling rigs in the third quarter of 2017 to 34.2 drilling rigs in the third quarter of 2018.

Drilling operating costs decreased \$2.7 million or 8% between the comparative third quarters of 2018 and 2017. The decrease was due primarily to less drilling rigs operating partially offset by increase in per day operating expense. Contract drilling depreciation decreased \$0.4 million or 3% in the third quarter of 2018 versus the third quarter of 2017 also due to less drilling rigs operating.

Mid-Stream

Our mid-stream revenues increased \$6.4 million or 12% in the third quarter of 2018 as compared to the third quarter of 2017 due primarily to higher volumes and increases in NGL and condensate prices partially offset by decreased natural gas prices. Gas processed volumes per day increased 14% between the comparative quarters primarily due to additional wells connected to our processing systems. Gas gathered volumes per day increased 8% between the comparative quarters primarily due to connecting new wells to our systems.

Operating costs increased \$5.0 million or 13% in the third quarter of 2018 compared to the third quarter of 2017 primarily due to higher gas purchase volumes and higher field direct and general and administrative expenses due to increased employee cost and from a \$250,000 monthly service fee for outside services. Depreciation and amortization increased \$0.4 million, or 4%, primarily due to new capital assets placed in service.

Gain on Disposition of Assets

There was a \$0.3 million gain on disposition of assets in the third quarter of 2018 primarily due to the sale of drilling rig components and vehicles, compared to a gain of \$0.1 million for the disposition of assets in the third quarter of 2017 primarily due to the sale of vehicles.

Other Income (Expense)

Interest expense, net of capitalized interest, decreased \$1.6 million between the comparative third quarters of 2018 and 2017 due primarily to a 21% decrease in average long-term debt outstanding in the third quarter of 2018 and increased interest capitalized partially offset by a higher average interest rate. We had interest earned of \$0.4 million from the cash in our investment account from the excess proceeds from the sale of 50% of Superior. We capitalized interest based on the net book value associated with undeveloped leasehold not being amortized, the construction of additional drilling rigs, and the construction of gas gathering systems. Capitalized interest for the third quarter of 2018 was \$4.2 million compared to \$4.0 million in the third quarter of 2017, and was netted against our gross interest of \$12.5 million and \$14.0 million for the third quarters of 2018 and 2017, respectively. Our average interest rate increased from 6.0% in the third quarter of 2017 to 6.7% in

the third quarter of 2018 and our average debt outstanding was \$168.7 million lower in the third quarter of 2018 as compared to the third quarter of 2017 primarily due to the pay down of the Unit credit agreement in the second quarter of 2018.

Loss on Derivatives

Loss on derivatives increased \$1.8 million primarily due to losses on derivatives settled partially offset by a gain from fluctuations in forward prices used to estimate the fair value in mark-to-market accounting.

Income Tax Expense

Income tax expense increased \$5.0 million between the comparative third quarters of 2018 and 2017 primarily due to increased pre-tax income but was tempered to a certain degree by our lower statutory tax rate due to the 2017 Tax Act, and elimination of non-controlling interest income. Our effective tax rate was 24.2% for the third quarter of 2018 compared to 32.3% for the second quarter of 2017. The rate change was again primarily due to the lower federal statutory tax rate due to the 2017 Tax Act and elimination of non-controlling interest income. There was no current income tax expense in the third quarter of 2018 or 2017. We paid \$3.6 million in income taxes in the third quarter of 2018 related to our sale of 50% of Superior. Under the guidance in ASC 810, *Consolidation*, we have determined that Superior is a VIE. The tax effects related to the gain recognized on the sale have been recorded to Capital in excess of par value.

Nine Months Ended September 30, 2018 versus Nine Months Ended September 30, 2017

Provided below is a comparison of selected operating and financial data:

	Nine Months Ended September 30,		Percent Change
	2018	2017	
(In thousands unless otherwise specified)			
Total revenue	\$ 628,493	\$ 534,793	18 %
Net income	\$ 37,138	\$ 28,693	29 %
Net income attributable to non-controlling interest	\$ 4,586	\$ —	— %
Net income attributable to Unit Corporation	\$ 32,552	\$ 28,693	13 %
Oil and Natural Gas:			
Revenue	\$ 317,040	\$ 256,241	24 %
Operating costs excluding depreciation, depletion, and amortization	\$ 100,519	\$ 95,873	5 %
Depreciation, depletion, and amortization	\$ 97,797	\$ 71,544	37 %
Average oil price received (Bbl)	\$ 56.40	\$ 47.62	18 %
Average NGLs price received (Bbl)	\$ 23.03	\$ 17.05	35 %
Average natural gas price received (Mcf)	\$ 2.35	\$ 2.50	(6)%
Oil production (Bbl)	2,121,000	1,990,000	7 %
NGLs production (Bbl)	3,702,000	3,476,000	7 %
Natural gas production (Mcf)	41,572,000	37,317,000	11 %
Depreciation, depletion, and amortization rate (Boe)	\$ 7.32	\$ 5.76	27 %
Contract Drilling:			
Revenue	\$ 143,527	\$ 128,059	12 %
Operating costs excluding depreciation	\$ 95,593	\$ 91,213	5 %
Depreciation	\$ 41,927	\$ 41,896	— %
Percentage of revenue from daywork contracts	100%	100%	— %
Average number of drilling rigs in use	32.7	29.7	10 %
Average dayrate on daywork contracts	\$ 17,327	\$ 16,120	7 %
Mid-Stream:			
Revenue	\$ 167,926	\$ 150,493	12 %
Operating costs excluding depreciation and amortization	\$ 124,441	\$ 111,862	11 %
Depreciation and amortization	\$ 33,493	\$ 32,547	3 %
Gas gathered—Mcf/day	393,414	385,846	2 %
Gas processed—Mcf/day	157,313	133,986	17 %
Gas liquids sold—gallons/day	651,979	518,054	26 %
Corporate and other:			
General and administrative expense	\$ 28,752	\$ 26,902	7 %
Other depreciation	\$ 5,759	\$ 5,558	4 %
Gain on disposition of assets	\$ 575	\$ 1,153	(50)%
Other income (expense):			
Interest income	\$ 796	\$ —	— %
Interest expense, net	\$ (26,474)	\$ (28,807)	(8)%
Gain (loss) on derivatives	\$ (25,608)	\$ 21,019	NM
Other	\$ 17	\$ 14	21 %
Income tax expense	\$ 12,380	\$ 22,084	(44)%
Average long-term debt outstanding	\$ 700,378	\$ 811,159	(14)%
Average interest rate	6.5%	6.0%	8 %

(1) NM – A percentage calculation is not meaningful due to a zero-value denominator or a percentage change greater than 200.

Oil and Natural Gas

Oil and natural gas revenues increased \$60.8 million or 24% in the first nine months 2018 as compared to the first nine months of 2017 primarily due to higher oil and NGLs prices and higher production volumes. In the first nine months of 2018, as compared to the first nine months of 2017, oil production increased 7%, natural gas production increased 11%, and NGLs production increased 7%. Average oil prices increased 18% to \$56.40 per barrel, average natural gas prices decreased 6% to \$2.35 per Mcf, and NGLs prices increased 35% to \$23.03 per barrel.

Oil and natural gas operating costs increased \$4.6 million or 5% between the comparative first nine months of 2018 and 2017 due to higher LOE, saltwater disposal, and gross production tax partially offset by the impact of the change in classification of certain deducts due to the implementation on January 1, 2018 of ASC 606 Revenue Recognition reclass.

DD&A increased \$26.3 million or 37% due primarily to a 27% increase in our DD&A rate and a 9% increase in equivalent production. The increase in our DD&A rate in the first nine months of 2018 compared to the first nine months of 2017 resulted primarily from the cost of wells drilled in the last three months of 2017 and the first nine months of 2018.

Contract Drilling

Drilling revenues increased \$15.5 million or 12% in the first nine months of 2018 versus the first nine months of 2017. The increase was due primarily to a 10% increase in the average number of drilling rigs in use and an a 7% increase in the average dayrate along with increased revenues from mobilizations. Average drilling rig utilization increased from 29.7 drilling rigs in the first nine months of 2017 to 32.7 drilling rigs in the first nine months of 2018.

Drilling operating costs increased \$4.4 million or 5% between the comparative first nine months of 2018 and 2017. The increase was due primarily to more drilling rigs operating. Contract drilling depreciation was essentially unchanged.

Mid-Stream

Our mid-stream revenues increased \$17.4 million or 12% in the first nine months of 2018 as compared to the first nine months of 2017 due primarily to an increase in NGLs and condensate prices and volumes along with an increase in gas volumes sold partially offset by a decrease in natural gas prices. Gas processed volumes per day increased 17% between the comparative periods primarily due to connecting new wells at the Cashion and Hemphill processing facilities. Gas gathered volumes per day increased 2% between the comparative periods primarily due to connecting new wells at the Cashion and Hemphill facilities partially offset by declines in volumes in the Appalachian area.

Operating costs increased \$12.6 million or 11% in the first nine months of 2018 compared to the first nine months of 2017 primarily due to increased purchase volumes along with higher field direct and general and administrative expenses due to increased employee cost and from a \$250,000 monthly outside service fee incurred in the second quarter. Depreciation and amortization increased \$0.9 million, or 3%, primarily due to new capital assets placed into service.

Other Depreciation

Other depreciation increased 4% during the first nine months of 2018 compared to the first nine months of 2017 due primarily to the ERP accounting and reporting system that was implemented during the first quarter of 2017.

General and Administrative

Corporate general and administrative expenses increased \$1.9 million or 7% in the first nine months of 2018 compared to the first nine months of 2017 primarily due to higher employee costs.

Gain on Disposition of Assets

There was an \$0.6 million gain on disposition of assets in the first nine months of 2018 primarily due to the sale of drilling rig components and vehicles, compared to a gain of \$1.2 million for the disposition of assets in the first nine months of 2017 primarily due to the sale of a corporate aircraft and vehicles.

Other Income (Expense)

Interest expense, net of capitalized interest, decreased \$2.3 million between the comparative first nine months of 2018 and 2017 due primarily to a 14% decrease in the average long-term debt outstanding and an increase in interest capitalized partially offset by a higher average interest rate. We had interest earned of \$0.8 million from the excess cash in our investment account from the sale of 50% of Superior. We capitalized interest based on the net book value associated with undeveloped leasehold not being amortized, the construction of additional drilling rigs, and the construction of gas gathering systems. Capitalized interest for the first nine months of 2018 was \$12.1 million compared to \$11.9 million in the first nine months of 2017, and was netted against our gross interest of \$38.6 million and \$40.7 million for the first nine months of 2018 and 2017, respectively. Our average interest rate increased from 6.0% to 6.5% and our average debt outstanding was \$110.8 million lower in the first nine months of 2018 as compared to the first nine months of 2017 primarily due to the pay down of our Unit credit agreement in the second quarter of 2018.

Gain (Loss) on Derivatives

Gain (loss) on derivatives decreased \$46.6 million primarily due to increased losses on derivatives settled along with losses on unrealized hedges compared to gains on unrealized value in 2017.

Income Tax Expense

Income tax expense decreased \$9.7 million between the comparative first nine months of 2018 and 2017 primarily due to decreased pre-tax income, lower statutory tax rate due to the 2017 Tax Act, and elimination of non-controlling interest income. Our effective tax rate was 25.0% for the first nine months of 2018 compared to 43.5% for the first nine months of 2017. The decrease was again primarily due to the lower federal statutory tax rate due to the 2017 Tax Act, elimination of non-controlling interest income, and to a lesser extent, smaller deferred income tax expense related to our restricted stock vestings in the first nine months of 2018 as compared to the first nine months of 2017. There was no current income tax expense in the first nine months of 2018 or 2017. We paid \$3.6 million in income taxes in the first nine months of 2018 related to the our sale of 50% of Superior. Under the guidance in ASC 810, *Consolidation*, we have determined that Superior is a VIE. The tax effects related to the gain recognized on the sale have been recorded to Capital in excess of par value.

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, 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, things as:

- the amount and nature of our future capital expenditures and how we expect to fund our capital expenditures;
- prices for oil, NGLs, and natural gas;
- demand for oil, NGLs, and natural gas;
- our exploration and drilling prospects;
- the estimates of our proved oil, NGLs, and natural gas reserves;
- oil, NGLs, and natural gas reserve potential;
- development and infill drilling potential;
- expansion and other development trends of the oil and natural gas industry;
- our business strategy;
- our plans to maintain or increase production of oil, NGLs, and natural gas;
- the number of 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;
- demand for our drilling rigs and drilling rig rates;
- our belief that the final outcome of legal proceedings involving us will not materially affect our financial results;
- our ability to timely secure third-party services used in completing our wells;
- our ability to transport or convey our oil or natural gas production to established pipeline systems;
- impact of federal and state legislative and regulatory initiatives relating to hydrocarbon fracturing impacting our costs and increasing operating restrictions or delays as well as other adverse impacts on our business;
- our projected production guidelines for the year;
- our anticipated capital budgets;
- our financial condition and liquidity;
- the number of wells our oil and natural gas segment plans to drill or rework during the year;
- our intended use of the proceeds from the sale of 50% of the interest we owned in our mid-stream segment; and
- our estimates of the amounts of any ceiling test write-downs or other potential asset impairments we may have to record in future periods.

These statements are based on certain assumptions and analyses made by us based on 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 availability of and nature of (or lack of) business opportunities that we pursue;
- demand for our land drilling services;
- changes in laws or regulations;
- changes in the current geopolitical situation;
- risks relating to financing, including restrictions in our debt agreements and availability and cost of credit;
- risks associated with future weather conditions;
- decreases or increases in commodity prices;
- putative class action lawsuits that may result in substantial expenditures and divert management's attention; and
- other factors, most of which are beyond our control.

You should not place undue reliance on these forward-looking statements. Except as required by law, we disclaim any 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 because of changes in commodity prices and interest rates.

Commodity Price Risk. Our major market risk exposure is in the prices we receive for our oil, NGLs, and natural gas production. These prices are primarily driven by the prevailing worldwide price for crude oil and market prices applicable to our NGLs and natural gas production. Historically, these prices have fluctuated and we expect this to continue. The prices for oil, NGLs, and natural gas also affect 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 2018 production, a \$0.10 per Mcf change in what we are paid for our natural gas production, without the effect of hedging, would result in a corresponding \$447,000 per month (\$5.4 million annualized) change in our pre-tax operating cash flow. A \$1.00 per barrel change in our oil price, without the effect of hedging, would have a \$225,000 per month (\$2.7 million annualized) change in our pre-tax operating cash flow and a \$1.00 per barrel change in our NGLs prices, without the effect of hedging, would have a \$398,000 per month (\$4.8 million annualized) change in our pre-tax operating cash flow.

We use derivative transactions to manage the risk associated with price volatility. Our decisions regarding the amount and prices at which we choose to enter into a contract for certain of our products is based, in part, on our view of current and future market conditions. The transactions we use include financial price swaps under which we will receive a fixed price for our production and pay a variable market price to the contract counterparty. We do not hold or issue derivative instruments for speculative trading purposes.

At September 30, 2018, these derivatives were outstanding:

Term	Commodity	Contracted Volume	Weighted Average Fixed Price	Contracted Market
Oct'18	Natural gas – swap	30,000 MMBtu/day	\$3.005	IF – NYMEX (HH)
Nov'18 – Dec'18	Natural gas – swap	20,000 MMBtu/day	\$3.013	IF – NYMEX (HH)
Jan'19 – Dec'19	Natural gas – swap	10,000 MMBtu/day	\$2.810	IF – NYMEX (HH)
Oct'18	Natural gas – basis swap	10,000 MMBtu/day	\$(0.190)	NGPL TEXOK
Oct'18 – Dec'18	Natural gas – basis swap	10,000 MMBtu/day	\$(0.678)	PEPL
Oct'18 – Dec'18	Natural gas – basis swap	10,000 MMBtu/day	\$(0.568)	NGPL MIDCON
Nov'18 – Dec'18	Natural gas – basis swap	10,000 MMBtu/day	\$(0.208)	IF – NYMEX (HH)
Jan'19 – Dec'19	Natural gas – basis swap	20,000 MMBtu/day	\$(0.659)	PEPL
Jan'19 – Dec'19	Natural gas – basis swap	10,000 MMBtu/day	\$(0.625)	NGL MIDCON
Jan'19 – Dec'19	Natural gas – basis swap	30,000 MMBtu/day	\$(0.265)	NGPL TEXOK
Jan'20 – Dec'20	Natural gas – basis swap	30,000 MMBtu/day	\$(0.275)	NGPL TEXOK
Oct'18 – Dec'18	Natural gas – three-way collar	20,000 MMBtu/day	\$3.00 - \$2.50 - \$3.51	IF – NYMEX (HH)
Oct'18 – Dec'18	Crude oil – swap	4,000 Bbl/day	\$53.52	WTI – NYMEX
Oct'18 – Dec'18	Crude oil – price differential risk	500 Bbl/day	\$7.00	LLS/WTI
Oct'18 – Dec'18	Crude oil – three-way collar	2,000 Bbl/day	\$47.50 - \$37.50 - \$56.08	WTI – NYMEX
Jan'19 – Dec'19	Crude oil – three-way collar	4,000 Bbl/day	\$61.25 - \$51.25 - \$72.93	WTI – NYMEX

After September 30, 2018, the following derivatives were entered into:

Term	Commodity	Contracted Volume	Weighted Average Fixed Price	Contracted Market
Jan'19 – Dec'19	Natural gas – swap	10,000 MMBtu/day	\$2.850	IF – NYMEX (HH)
Jan'19 – Dec'19	Natural gas – collar	20,000 MMBtu/day	\$2.63 - \$3.03	IF – NYMEX (HH)
Jan'19 – Mar'19	Natural gas – three-way collar	10,000 MMBtu/day	\$3.00 - \$2.75 - \$4.35	IF – NYMEX (HH)

Interest Rate Risk. Our interest rate exposure relates to our long-term debt under our credit agreements and the Notes. The credit agreement, at our election bears interest at variable rates based on the Prime Rate or the LIBOR Rate. At our election, borrowings under our credit agreements may be fixed at the LIBOR Rate for periods of up to 180 days. As of October 19, 2018,

we did not have any outstanding debt under our credit agreements. Under our Notes, we pay a fixed rate of interest of 6.625% per year (payable semi-annually in arrears on May 15 and November 15 of each year).

Item 4. Controls and Procedures

Our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), does not expect that our disclosure controls and procedures (as defined in Rules 13a - 15(e) and 15d - 15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)) (Disclosure Controls) or our internal control over financial reporting (ICFR) will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part on certain assumptions about the likelihood of future events, and there is no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to an error or fraud may occur and not be detected. We monitor our Disclosure Controls and ICFR and make modifications as necessary; our intent in this regard is that the Disclosure Controls and ICFR will be modified as systems change, and conditions warrant.

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 CEO and CFO, of the effectiveness of the design and operation of our Disclosure Controls under the Exchange Act in ensuring the information required to be disclosed in the reports that we file or submit under the Exchange Act 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 CEO, CFO, and management as appropriate to allow timely decisions regarding required disclosure.

Based on that evaluation, our CEO and CFO concluded that our Disclosure Controls were not effective as of September 30, 2018 due to a material weakness in ICFR described below.

Material Weakness in Internal Control Over Financial Reporting. A material weakness is a deficiency, or combination of deficiencies, in ICFR, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

We did not design and maintain effective controls to verify the proper presentation and disclosure of our interim and annual consolidated financial statements. Specifically, our controls were not sufficiently precise to allow for the effective review of the underlying information used in the preparation of the consolidated financial statements, nor verify that transactions were appropriately presented. This control deficiency led to a misstatement that resulted in the revision of our statement of cash flows for the year ended December 31, 2017, and the restatement of our statement of cash flows for the interim period ended March 31, 2018. This material weakness could result in misstatements of the annual or interim consolidated financial statements or disclosures that would not be prevented or detected.

Plan for Remediation of the Material Weakness. We have dedicated significant time and resources that we believe will address the underlying cause of the material weakness, including:

- engaged a consultant specializing in internal controls to assist with the remediation efforts;
- recruited, added, and trained an additional staff position in the financial reporting department;
- redesigned and enhanced controls related to the preparation and review of the consolidated financial statements; and
- provided additional training to financial reporting personnel with respect to the preparation and review of the consolidated financial statements.

Management believes the measures described above will remediate the material weakness that we have identified. This material weakness will not be considered remediated until the applicable remedial controls operate for a sufficient period of time. As management continues to evaluate and improve internal controls over financial reporting, we may decide to take additional measures to address this control deficiency or determine to modify certain of the remediation measures.

Changes in Internal Controls. There were no other changes in our internal control over financial reporting (ICFR) during the quarter ended September 30, 2018, that materially affected our ICFR or are reasonably likely to materially affect it, as defined in Rule 13a – 15(f) under the Exchange Act.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Panola Independent School District No. 4, et al. v. Unit Petroleum Company, No. CJ-07-215, District Court of Latimer County, Oklahoma.

Panola Independent School District No. 4, Michael Kilpatrick, Gwen Grego, Carla Lessel, Thelma Christine Pate, Juanita Golightly, Melody Culberson, and Charlotte Abernathy are the Plaintiffs and are royalty owners in oil and gas drilling and spacing units for which the company's exploration segment distributes royalty. The Plaintiffs' central allegation is that the company's exploration segment has underpaid royalty obligations by deducting post-production costs or marketing related fees. Plaintiffs sought to pursue the case as a class action on behalf of persons who receive royalty from us for our Oklahoma production. We have asserted several defenses including that the deductions are permitted under Oklahoma law. We have also asserted that the case should not be tried as a class action due to the materially different circumstances that determine what, if any, deductions are taken for each lease. On December 16, 2009, the trial court entered its order certifying the class. On May 11, 2012 the court of civil appeals reversed the trial court's order certifying the class. The Plaintiffs petitioned the Supreme Court for certiorari and on October 8, 2012, the Plaintiff's petition was denied. On January 22, 2013, the Plaintiffs filed a second request to certify a class of royalty owners slightly smaller than their first attempt. Since then, the Plaintiffs have further amended their proposed class to just include royalty owners entitled to royalties under certain leases in Latimer, Le Flore, and Pittsburg Counties, Oklahoma. In July 2014, a second class certification hearing was held where, besides the defenses described above, we argued that the amended class definition is still deficient under the court of civil appeals opinion reversing the initial class certification. Closing arguments were held on December 2, 2014. There is no timetable for when the court will issue its ruling. The merits of Plaintiffs' claims will remain stayed while class certification issues are pending.

Cockerell Oil Properties, Ltd., v. Unit Petroleum Company, No. 16-cv-135-JHP, United States District Court for the Eastern District of Oklahoma.

On March 11, 2016, a putative class action lawsuit was filed against Unit Petroleum Company styled *Cockerell Oil Properties, Ltd., v. Unit Petroleum Company* in LeFlore County, Oklahoma. We removed the case to federal court in the Eastern District of Oklahoma. The plaintiff alleges that Unit Petroleum wrongfully failed to pay interest with respect to untimely royalty payments under Oklahoma's Production Revenue Standards Act. The lawsuit seeks actual and punitive damages, an accounting, disgorgement, injunctive relief, and attorney's fees. Plaintiff is seeking relief on behalf of royalty owners in our Oklahoma wells. We have asserted several defenses including that the case cannot be properly certified as a class action because of the wide variety of circumstances that determine whether a royalty payment was timely made or has accrued interest under Oklahoma law. At this point, the court has not taken any action on the issue of class certification.

Chieftain Royalty Company v. Unit Petroleum Company, No. CJ-16-230, District Court of LeFlore County, Oklahoma.

On November 3, 2016, a putative class action lawsuit was filed against Unit Petroleum Company styled *Chieftain Royalty Company v. Unit Petroleum Company* in LeFlore County, Oklahoma. Plaintiff alleges that Unit Petroleum breached its duty to pay royalties on natural gas used for fuel off the lease premises. The lawsuit seeks actual and punitive damages, an accounting, injunctive relief, and attorney's fees. Plaintiff is seeking relief on behalf of Oklahoma citizens who are or were royalty owners in our Oklahoma wells. We filed a motion to dismiss on the basis that the claims asserted by the Plaintiff and the putative class are barred because they have already been asserted by the putative class in the Panola lawsuit and are subject to its reversal of class certification. The court denied our motion to dismiss and we have asked the court to certify its order so that it can be immediately appealed. That issue is still pending before the court. If we do not ultimately prevail on our claim of issue preclusion, we have several other defenses, including that the case cannot be properly certified as a class action because of the wide variety of circumstances that determine whether a royalty payment was wrongfully withheld. At this point, the issue of class certification has not been set before the court.

We continue to vigorously defend against each of the pending claims. At this time we are unable to express an opinion with respect to the likelihood of an unfavorable outcome or provide an estimate of potential losses, if any.

Item 1A. Risk Factors

In addition to the other information set forth in this quarterly report, you should carefully consider the factors discussed below, if any, and in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017, 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, 2017.

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

The following table provides information relating to our repurchase of common stock for the three months ended September 30, 2018:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs
July 1, 2018 to July 31, 2018	—	\$ —	—	—
August 1, 2018 to August 31, 2018	—	—	—	—
September 1, 2018 to September 30, 2018	—	—	—	—
Total	—	\$ —	—	—

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibits:

10.1	Fifth Amendment to Senior Credit Agreement dated October 18, 2018 (filed herewith).
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.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

*Certain schedules referenced in the agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished supplementary to the U.S. Securities and Exchange Commission upon request.

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 6, 2018

By: /s/ Larry D. Pinkston

LARRY D. PINKSTON

Chief Executive Officer and Director

Date: November 6, 2018

By: /s/ Les Austin

LES AUSTIN

Senior Vice President and Chief Financial Officer

**FIFTH AMENDMENT TO
SENIOR CREDIT AGREEMENT**

THIS FIFTH AMENDMENT TO SENIOR CREDIT AGREEMENT ("**Fifth Amendment**"), effective October 18, 2018 (the "**Fifth Amendment Effective Date**"), is made among the UNIT CORPORATION, a Delaware corporation ("**Unit**"), UNIT DRILLING COMPANY, an Oklahoma corporation ("**Unit Drilling**"), UNIT PETROLEUM COMPANY, an Oklahoma corporation ("**Unit Petroleum**"), together with each existing Material Subsidiary of each of the foregoing Persons (but excluding Superior (as defined in the Existing Credit Agreement)), and each of their respective successors and assigns, including any receiver, trustee or debtor-in-possession, is each, individually, called a "**Borrower**", and, collectively, jointly and severally, the "**Borrowers**"), the Lenders signatory parties to this Fifth Amendment (each, individually a "**Lender**" and, collectively, the "**Lenders**"), and BOKF, NA dba Bank of Oklahoma, as administrative agent for the Lenders (the "**Administrative Agent**").

RECITALS:

A. The Borrowers, the signatory Lenders and the Administrative Agent signed a Senior Credit Agreement dated as of September 13, 2011, amended by the: First Amendment and Consent to Senior Credit Agreement dated as of September 5, 2012; Second Amendment and Consent to Senior Credit Agreement dated as of April 10, 2015; Third Amendment to Senior Credit Agreement dated as of April 8, 2016; and Fourth Amendment to Senior Credit Agreement dated as of April 2, 2018 (collectively, the "**Existing Credit Agreement**"). Under the Existing Credit Agreement, the Lenders severally established the Commitment on the Lenders Schedule to the Existing Credit Agreement, subject to the Maximum Credit Amount and the Borrowing Base.

Capitalized terms used in this Fifth Amendment (including the Recitals) but not otherwise defined have the meaning given to that term in the Existing Credit Agreement.

B. Borrowers have requested, and Administrative Agent and the Required Lenders have agreed, subject to the Existing Credit Agreement, as modified by this Fifth Amendment, to amend and modify the Existing Credit Agreement's definitions and provisions related to Unit's anticipated issuance, after the Fifth Amendment Effective Date, but no later than November 15, 2020, of the Permitted Senior Notes (as defined in **Exhibit B** attached to this Fifth Amendment); all as described within this Fifth Amendment.

C. Unit's issuance of such Initial Permitted Senior Notes (as defined in **Exhibit B** attached to this Fifth Amendment) and of any Permitted Refinancing Notes (as defined in **Exhibit B** attached to this Fifth Amendment) would, but for the limited waiver as granted herein by the Administrative Agent and the Required Lenders pursuant and subject to the Existing Credit Agreement as amended by this Fifth Amendment (the "**Fifth Amendment Waiver**"), trigger a mandatory Borrowing Base reduction pursuant to the application of the provisions of Section 2.6.8 of the Existing Credit Agreement

D. Each of Wells Fargo Bank, N.A. and Toronto Dominion (New York) LLC, each in its respective capacity as a Lender under the Existing Credit Agreement and the other Loan Documents, will each cease being a Lender effective as of the Fifth Amendment Effective Date

(each, an "**Fifth Amendment Exiting Lender**", and, collectively, the "**Fifth Amendment Exiting Lenders**"), whereupon (in lieu of anything to the contrary in Article 14 of the Credit Agreement) certain of the other Lenders, with certain New Lenders (as defined), will acquire the respective Pro Rata Shares of the Outstanding Credit Exposure and Elected Commitments of the Fifth Amendment Exiting Lenders, as provided for in this Fifth Amendment.

E. Borrowers, the Administrative Agent, and the Required Lenders have agreed to amend and modify the Existing Credit Agreement to (i) provide for the terms under which Unit may facilitate the issuance of any Permitted Senior Notes and Permitted Subordinated Notes (as defined in **Exhibit B** attached to this Fifth Amendment), respectively; and (ii) effectuate the Fifth Amendment Waiver.

F. Each of the Credit Parties will receive substantial and valuable consideration and economic and business benefit from the extensions of credit by Administrative Agent and the Lenders to Borrowers under the Loan Documents, including the modifications under this Fifth Amendment.

NOW, THEREFORE, in consideration of the mutual covenants and agreements in this Fifth Amendment, and other good and valuable consideration, receipt of which is acknowledged by the parties, the parties agree as follows:

1. Modifications to Existing Credit Agreement and other Loan Documents.

- (A) Conformed Credit Agreement. As of the Fifth Amendment Effective Date, the Existing Credit Agreement is amended to delete the stricken text (indicated textually like this example: ~~stricken text~~) and to add the underlined text (indicated textually like this example: underlined text) as set forth in the revised, conformed copy attached as **Exhibit B**, which is incorporated into this Fifth Amendment by this reference. Any Exhibits and Schedules to the Existing Credit Agreement not being amended and restated by this Fifth Amendment (whether by attaching same as stand-alone new exhibits or schedules to this Fifth Amendment, or by including same within the revised, conformed copy of the Credit Agreement attached as **Exhibit B**), shall remain unmodified and of full force and effect in the Existing Credit Agreement.
- (B) Pricing Schedule/Compliance Certificate **Schedule 1** Pricing Schedule to the Existing Credit Agreement is amended and restated in its entirety, and replaced, by the revised **Schedule 1** to this Fifth Amendment, which is incorporated into this Fifth Amendment by this reference.
- (C) Lenders Schedule. **Schedule 2** Lenders Schedule to the Existing Credit Agreement is amended and restated in its entirety, and replaced, by the revised **Schedule 2** to this Fifth Amendment, which is incorporated into this Fifth Amendment by this reference. As of the Fifth Amendment Effective Date, each Lender has the Elected Commitment, Pro Rata Share, and Maximum Credit Amount set forth opposite the Lender's name on the replacement **Schedule 2**.

(D) Disclosure Schedule. Schedule 3 Disclosure Schedule to the Existing Credit Agreement is amended and restated in its entirety, and replaced, by the revised **Schedule 3** to this Fifth Amendment, which is incorporated into this Fifth Amendment by this reference.

(E) Assignment and Assumption of Assigned Interests. Each of the Lenders (as defined in the Existing Credit Agreement) (collectively, the "**Fifth Amendment Existing Lenders**") and the Administrative Agent have agreed, in consultation with the Borrowers, to effectuate an assignment and assumption of the Fifth Amendment Exiting Lenders' respective rights, obligations and interests under the Existing Credit Agreement and the Loan Documents to other Fifth Amendment Existing Lenders that do not also constitute Fifth Amendment Exiting Lenders and to the Fifth Amendment New Lenders (as defined below), as set forth herein respecting:

(i) All outstanding rights, obligations and interests of the Fifth Amendment Exiting Lenders under the Existing Credit Agreement and the other Loan Documents (including any Letters of Credit and guarantee in the facility) from and after the Fifth Amendment Effective Date; and

(ii) to the extent legally permitted to be assigned all claims, suits, causes of action and any other rights of the Fifth Amendment Exiting Lenders against any Person, existing under the Existing Credit Agreement, any other Loan Documents, including any documents or instruments delivered pursuant thereto or the loan transactions governed or based on or related to the foregoing (the rights and obligations sold and assigned under clauses (i) and (ii) above being referred to herein collectively as the "**Fifth Amendment Assigned Interests**"),

in order to remove the Fifth Amendment Exiting Lenders as Lenders as of and after the Fifth Amendment Effective Date and to reallocate the Elected Commitments (as defined in **Exhibit B** attached to this Fifth Amendment) (the "**Fifth Amendment Existing Commitments**") and the Pro Rata Shares (as defined in **Exhibit B** attached to this Fifth Amendment) of the Total Outstanding Credit Exposure (collectively, the "**Fifth Amendment Existing Loans**") presently held by the Fifth Amendment Exiting Lenders to (i) those certain Fifth Amendment Existing Lenders that do not also constitute Fifth Amendment Exiting Lenders and will remain a Lender from and after the Fifth Amendment Effective Date, and (ii) each of Toronto-Dominion Bank, New York Branch, and Branch Banking & Trust (BB&T), and Arvest Bank, an IBERIABANK (each of the Lenders named within this clause (ii) is herein referred to as a "**Fifth Amendment New Lender**", and, collectively, as the "**Fifth Amendment New Lenders**") (the foregoing Lenders more particularly described within preceding clauses (i) and (ii) of this paragraph shall, from and after the Fifth Amendment Effective Date, collectively, remain and constitute the Lenders under the Credit Agreement and the other Loan Documents).

The parties hereto consent to the assignments and assumptions stipulated in this Section 1(E) of this Fifth Amendment, it being acknowledged and agreed that such parties constitute all Persons whose consents are required therefor pursuant to the terms of the Credit Agreement.

Effective on (and including) and after the Fifth Amendment Effective Date, each Fifth Amendment Exiting Lender is hereby released from its respective commitments and obligations as Lenders under the Credit Agreement and the other Loan Documents; provided, however, that, notwithstanding the foregoing, the Fifth Amendment Exiting Lenders shall nonetheless retain their respective rights and interests after the Fifth Amendment Effective Date under those certain applicable indemnification and expense reimbursement provisions of the Credit Agreement and the other Loan Documents, which by their express terms survive repayment of the Obligations, to the extent of the Borrowers' executory contingent obligations to the Lenders thereunder.

Accordingly, and without limitation of any of the foregoing, on and after the Fifth Amendment Effective Date, the Elected Commitment and Pro Rata Share of the Total Outstanding Credit Exposure of each Lender (including each Fifth Amendment New Lender) is as set forth on **Schedule 2** attached to this Fifth Amendment. Regarding such Elected Commitments and Pro Rata Shares of the Total Outstanding Credit Exposure, each Lender and the Administrative Agent is deemed to have acquired the Fifth Amendment Assigned Interests, Fifth Amendment Existing Commitments and Fifth Amendment Existing Loans allocated to it under the Assignment and Assumption Agreement form attached as an exhibit to the Existing Credit Agreement as if each such Lender (including the Administrative Agent), and the Borrowers had signed the Assignment and Assumption Agreement regarding such allocations. For purposes of such assignment, assumption and reallocations, and for such assignment, assumption and reallocations only, the parties hereto agree to waive any processing, recordation and other fees required under Article 14 of the Existing Credit Agreement. The Fifth Amendment Exiting Lenders, each on behalf of itself in such capacity, shall also execute and deliver an acknowledgment signature page to this Fifth Amendment to the Administrative Agent.

- (F) Post-Closing Mortgages. The Credit Parties have forty-five (45) days following the Fifth Amendment Effective Date to sign and deliver the Mortgages required under Section 6.11(a)(i) of the Credit Agreement (said 45 days may be extended by Administrative Agent in its sole discretion), respecting those Oil and Gas Properties described on **Exhibit A** to this Fifth Amendment, which is incorporated into this Fifth Amendment by this reference. Borrowers' failure to timely deliver such Mortgages will constitute an immediate Event of Default and no additional notice or cure period will apply to such failure.

2 . Fifth Amendment Waiver. Subject to the Existing Credit Agreement (as amended and modified by this Fifth Amendment), and notwithstanding any other provisions in the Existing Credit Agreement or any other Loan Document to the contrary, the Administrative Agent and the Required Lenders grant the Fifth Amendment Waiver. The Fifth Amendment Waiver is a waiver limited solely regarding the non-applicability of Section 2.6.8 of the Credit Agreement for the issuance by Unit of (i) the Initial Permitted Senior Notes after the Fifth Amendment Effective Date (but no later than November 15, 2020), and (ii) the Permitted Refinancing Notes.

Except to the extent otherwise expressly set forth herein, the Fifth Amendment Waiver shall not be deemed to constitute a modification or waiver of any term or condition regarding the Credit Parties' obligations to otherwise comply with the Credit Agreement (including Section 2.6.8 thereof) and the other Loan Documents. Notwithstanding the foregoing Fifth Amendment Waiver, the Credit Parties acknowledge and agree that any failure to hereafter comply with the Credit Agreement (including Section 2.6.8 thereof, whenever that provision is applicable in accordance with the Existing Credit Agreement, as amended by this Fifth Amendment) and the other Loan Documents shall constitute an Event of Default under Section 10.1.3 of the Credit Agreement, which is not (and shall not be deemed to be) covered by the Fifth Amendment Waiver.

3 . Reaffirmation of Guaranty Release To the extent any of Unit Drilling USA Colombia, L.L.C., Unit Drilling Colombia, L.L.C. and Unit Texas Company is a Subsidiary Guarantor immediately prior to the effectiveness of this Fifth Amendment, such Subsidiary shall be deemed to have been removed and released by the Lenders as a Subsidiary Guarantor under the Credit Agreement and the other Loan Documents and from all of its respective liability and obligations regarding the Obligations accruing thereunder.

4 . Release of Guaranty. The Borrower represents that each of Unit Drilling and Exploration Company and Petroleum Supply Company is not a Material Subsidiary as of the date hereof and the Lenders agree that, upon the Fifth Amendment Effective Date, each such Subsidiary is hereby removed and released by the Lenders as a Subsidiary Guarantor under the Credit Agreement and the other Loan Documents and from all of its respective liability and obligations regarding the Obligations accruing thereunder.

5 . Ratification of Representations, Warranties, Covenants, and Other Provisions The remaining terms, provisions, and conditions in the Existing Credit Agreement and the other Loan Documents not modified shall continue and remain in full force and effect, and are incorporated herein and ratified and adopted herein by this reference (including without limitation, the consents, waivers and other provisions of Article 17 thereof), with the same force and effect as if reiterated at length herein.

The Credit Parties:

- a) restate, confirm, the Fifth Amendment Waiver and ratify the covenants in the Existing Credit Agreement and the other Loan Documents (after giving effect to this Fifth Amendment).
- b) represent and warrant to the Administrative Agent and the Lenders as of the Fifth Amendment Effective Date that the representations and warranties in the Existing Credit Agreement and the other Loan Documents (after giving effect to this Fifth

Amendment) are materially true and correct as of the Fifth Amendment Effective Date (except to the extent a representation or warranty is stated to relate solely to an earlier date, in which case such representations and warranties will have been true and correct on and as of such earlier date).

- c) further represent and warrant to the Administrative Agent and the Lenders as of the Fifth Amendment Effective Date (after giving effect to this Fifth Amendment) that:
- (i) no Default or Event of Default or Deficiency exists under the Existing Credit Agreement, as amended by this Fifth Amendment, or any other Loan Document;
 - (ii) the Credit Parties have all necessary power and authority to sign, deliver and perform their respective obligations under the Credit Agreement, as amended by this Fifth Amendment, and the other Loan Documents;
 - (iii) the signing, delivery, and performance by the Credit Parties of this Fifth Amendment, has been duly authorized by all necessary action on their part;
 - (iv) the Existing Credit Agreement, as amended by this Fifth Amendment, and the other Loan Documents have each been duly signed and delivered by the Credit Parties party thereto and each Loan Document constitutes the legal, valid, and binding obligation of each such obligor enforceable under its terms, unless the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws generally affecting the enforcement of creditor's rights and general principles of equity;
 - (v) the signing and delivery of this Fifth Amendment or any other Loan Document by the Credit Parties and such obligors' performance of their respective obligations and require no authorizations, approvals, or consent, or registration or filing with, or further action by, any Governmental Authority, except for those that have been obtained or made and are in effect; and
 - (vi) neither the signing and delivery of this Fifth Amendment or any other Loan Document, nor compliance with the terms or thereof, will contravene, or result in a breach of, the charter, by-laws, operating agreement, or other constituent corporate governance documents of the Credit Parties, any requirement of law, any agreement or instrument to which any such obligor is a party or by which it is bound or to which it or its Property or assets are subject, or constitute a default under any such agreement or instrument.

6. Conditions Precedent. This Fifth Amendment will become effective as of the Fifth Amendment Effective Date or each condition precedent set forth in this Section 6 having been satisfied to the satisfaction of the Administrative Agent:

- a) the Credit Parties have signed and delivered, or caused to be signed and delivered, to the Administrative Agent for the benefit of the Lenders, each of the following:

- (i) counterparts of this Fifth Amendment;
 - (ii) a replacement Note for, and made payable by Borrowers to, each Lender that may request same; and
 - (iii) the closing certificates and authorizing resolutions from each of the Credit Parties as Administrative Agent may require (all in form and substance acceptable to Administrative Agent).
- b) payment of all fees and expenses owed by Borrowers to the Administrative Agent, including those more particularly described in the Fee Letter (as defined in **Exhibit B** attached to this Fifth Amendment), and those that have or are billed and submitted to the Administrative Agent and Unit under the Credit Agreement, including the reasonable attorneys' fees and expenses of legal counsel for the Administrative Agent to the extent billed; and
- c) counterparts of this Fifth Amendment have been signed by the Lenders (including the Fifth Amendment New Lenders) and the Fifth Amendment Exiting Lender, respectively, and delivered to the Administrative Agent.

7. Fees and Costs. Borrowers agree to pay to the Administrative Agent on demand all reasonable and out-of-pocket expenses (including reasonable attorneys' fees), time charges, and expenses advanced or attorneys paid or incurred by the Administrative Agent in the preparation, negotiation, execution, closing, delivery, and administration of this Fifth Amendment and the transactions contemplated hereby.

8. Effect on Credit Documents. Except as amended in this Fifth Amendment, the Existing Credit Agreement and all other Loan Documents remain in full force and effect as signed and are ratified, confirmed, and continued for all purposes. Nothing in this Fifth Amendment waives the Administrative Agent's or any Lender's rights under the Loan Documents (after giving effect to this Fifth Amendment), including the waiver of any Default or Event of Default, however denominated. Credit Parties acknowledge and agree this Fifth Amendment does not impair or affect the validity or enforceability of the Credit Agreement, as amended by this Fifth Amendment, or the other Loan Documents. This Fifth Amendment is a Loan Document for the purposes of the other Loan Documents. All references to the "**Loan Agreement**" or the "**Credit Agreement**" appearing in the Loan Documents (or to "this Agreement" as set forth within the Existing Credit Agreement or in this Fifth Amendment) are deemed references to the Existing Credit Agreement, as amended, modified and supplemented by this Fifth Amendment (and as the same may be further amended, amended and restated, supplemented, or otherwise modified occasionally). For any conflict or inconsistency between the terms in the Existing Credit Agreement, and the terms in this Fifth Amendment, the terms in this Fifth Amendment govern and control. Without limiting the preceding, any breach of representations, warranties, and covenants under this Fifth Amendment shall be a Default or Event of Default under Article 10 of the Credit Agreement, as applicable.

9. Waiver and Release. In consideration of the amendments and modifications contained, and as a material inducement to Administrative Agent and the Lenders signing this Fifth Amendment, each of the Credit Parties waives and releases the Administrative Agent and the Lenders from any claims, damages, disputes, defenses, and setoffs, known or unknown, foreseen or unforeseen, in each case, arising or accruing on or prior to the Fifth Amendment

Effective Date under or otherwise regarding the Existing Credit Agreement, the other Loan Documents, and/or the transaction contemplated hereby and thereby; provided, however, that it is understood and agreed by the parties hereto that no Credit Party is waiving, releasing or discharging any defense to expense reimbursement or indemnification it may have which are expressly set forth in Article 12 of the Credit Agreement.

10. Recitals. The Recitals in this Fifth Amendment are, by this reference, incorporated into and deemed a part of this Fifth Amendment.

11. Counterparts. This Fifth Amendment may be signed by one or more parties in any number of separate counterparts, and the counterparts taken together are deemed to constitute the same instrument. Delivery of this Fifth Amendment by facsimile or electronic transmission (e.g., pdf) shall be effective as delivery of a manually signed counterpart.

12. No Course of Dealing. This Fifth Amendment establishes no course of dealing or be construed as evidence of any willingness or commitment by Administrative Agent or any Lender to agree to other or future amendments to or modifications of the Loan Documents.

13. Miscellaneous Provisions. Articles 12, 16, and 17 of the Existing Credit Agreement are incorporated herein by reference as if set forth fully herein, and such provisions shall apply to this Fifth Amendment, with the necessary changes having been made.

14. Further Assurances. The Credit Parties shall immediately sign and deliver to the Administrative Agent, for the benefit of the Lenders, on request all other instruments as occasionally required or desired by the Administrative Agent or the Lenders in compliance with or in accomplishment of the covenants and agreements of the Credit Parties made in this Fifth Amendment and any other instruments and documents referred to or mentioned herein, all in connection therewith (as determined by the Administrative Agent and the Lenders in their respective discretion).

15. ENTIRE AGREEMENTTHIS FIFTH AMENDMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY ANY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Fifth Amendment to be duly executed and delivered, effective as of the day and year first above written.

BORROWERS:

UNIT CORPORATION, a Delaware corporation,
UNIT PETROLEUM COMPANY, an Oklahoma corporation,
UNIT DRILLING COMPANY, an Oklahoma corporation,

By: /s/ Larry D. Pinkston

Larry D. Pinkston, as President of each of
UNIT CORPORATION,
UNIT PETROLEUM COMPANY, and
UNIT DRILLING COMPANY

8200 South Unit Drive
Tulsa, Oklahoma 74132-5300
Attention: Larry Pinkston
Telephone: (918) 493-7700
Facsimile: (918) 493-7711

BOKE, NA dba Bank of Oklahoma, as LC Issuer, as Administrative Agent, and as a Lender

By: /s/ Matt Chase

Matt Chase
Senior Vice President

101 East Second Street
Bank of Oklahoma Tower - 8th floor/Energy Department
One Williams Center
Tulsa, Oklahoma 74172
Telephone: (918) 588-6641
Facsimile: (918) 588-6880

5th Amendment to Credit
Agreement Signature Page

COMPASS BANK, a Lender

By: /s/ Kathleen J. Bowen

Kathleen J. Bowen
Managing Director

2200 Post Oak Blvd.
17th Floor
Houston, Texas 77056
Telephone: (713) 968-8273

5th Amendment to Credit
Agreement Signature Page

BANK OF AMERICA, N.A., a Lender

By: /s/ Pace Doherty

Pace Doherty
Vice President

700 Louisiana Street, Floor 8
Houston, TX 77002
Telephone: (713) 247-6960

5th Amendment to Credit
Agreement Signature Page

BMO HARRIS FINANCING, INC., a Lender

By /s/ Kevin Utsey

Kevin Utsey
Director

BMO Capital Markets/Houston Agency
700 Louisiana Street, Suite 2100
Houston, Texas 77002
Telephone: (713) 546-9720
Facsimile: (713) 223-4007

5th Amendment to Credit
Agreement Signature Page

COMERICA BANK, a Lender

By: /s/ Jeff LaBauve

Jeff LaBauve
Vice President

1717 Main Street
Dallas, Texas 75201
Telephone: (214) 462-4418

5th Amendment to Credit
Agreement Signature Page

**CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK BRANCH, a Lender**

By: /s/ Trudy W. Nelson

Trudy W. Nelson
Authorized Signatory

By: /s/ Richard Antl

Richard Antl
Authorized Signatory

333 Clay Street, Suite 4510
Three Allen Center
Houston, Texas 77002
Telephone: (713) 210-4103
Facsimile: (713) 210-4129

TORONTO-DOMINION BANK, NEW YORK BRANCH,
as a Fifth Amendment New Lender and as a Lender

By: /s/ Annie Dorval

Name: Annie Dorval

Title: Authorized Signatory

Toronto-Dominion Bank, New York Branch
31 West 52nd Street, 21st Floor
New York, NY 10019-6101
Telephone: (416) 983-5700
Facsimile: (416) 983-000

BRANCH BANKING & TRUST,
as a Fifth Amendment New Lender and as a Lender

By: /s/ James Giordano

James Giordano
Senior Vice President

333 Clay Street, Suite 4495
Houston, TX 77396
Telephone: (713) 425-0829
Facsimile: (888) 707-4162

5th Amendment to Credit
Agreement Signature Page

ARVEST BANK,
as a Fifth Amendment New Lender and as a Lender

By: /s/ Matt Condry
Matt Condry
Vice President

502 S. Main Street
Tulsa, Oklahoma 74103
Telephone: (918) 382-2604
Facsimile: (918) 631-1003

5th Amendment to Credit
Agreement Signature Page

IBERIABANK,
as a Fifth Amendment New Lender and as a Lender

By: /s/ Moni Collins

Moni Collins
Senior Vice President

11 East Greenway Plaza, Suite 2700
Houston, TX 77046
Telephone: (713) 624-7735
Facsimile: (713) 965-0276

5th Amendment to Credit
Agreement Signature Page

WELLS FARGO BANK, N.A.,
as a Fifth Amendment Exiting Lender

By: /s/ Edward Markham

Edward Markham
Director

1445 Ross Avenue
Suite 4500
MAC T9216-451
Dallas, TX 75202
Telephone: (214) 721-8219
Facsimile: (214) 721-8215

5th Amendment to Credit
Agreement Signature Page

TORONTO DOMINION (NEW YORK), LLC,
as a Fifth Amendment Exiting Lender

By: /s/ Annie Dorval

Name: Annie Dorval

Title: Authorized Signatory

Toronto Dominion (New York), LLC
31 West 52nd Street, 21st Floor
New York, NY 10019-6101
Telephone: (416) 983-5700
Facsimile: (416) 983-000

5th Amendment to Credit
Agreement Signature Page

SCHEDULE 1
PRICING SCHEDULE

Applicable Margin	Level I Status	Level II Status	Level III Status	Level IV Status	Level V Status
<i>Eurodollar Rate</i>	2.50%	2.25%	2.00%	1.75%	1.50%
<i>Floating Rate</i>	1.50%	1.25%	1.00%	0.75%	0.50%

Applicable Margin	Level I Status	Level II Status	Level III Status	Level IV Status	Level V Status
<i>Commitment Fee Rate</i>	0.50%	0.50%	0.50%	0.375%	0.375%

For this Schedule, these terms have these meanings, subject to the final paragraph of this Schedule:

"Level I Status" exists at any date if the Borrowing Base Usage Percentage on such date is greater than or equal to 90%.

"Level II Status" exists at any date if the Borrowing Base Usage Percentage on such date is greater than or equal to 75% and less than 90%.

"Level III Status" exists at any date if the Borrowing Base Usage Percentage on such date is greater than or equal to 50% and less than 75%.

"Level IV Status" exists at any date if the Borrowing Base Usage Percentage on such date is greater than or equal to 25% and less than 50%..

"Level V Status" exists at any date if the Borrowing Base Usage Percentage on such date is less than 25%.

"Status" means either Level I Status, Level II Status, Level III Status, Level IV Status, or Level V Status.

The Applicable Margin and Commitment Fee Rate will be determined daily under the foregoing table based on the Borrowing Base Usage Percentage on such day.(although Borrowers may have designated a lower Aggregate Elected Commitment Amount.)

SCHEDULE 2

LENDERS SCHEDULE

Lender (and Title, if any)	Maximum Credit Amount	Elected Commitment	Pro Rata Share
BOK (BOKF, NA dba Bank of Oklahoma), Joint Lead Arranger & Administrative Agent	\$170,588,235.29	\$ 72,500,000.00	17.058824%
BBVA Compass Bank, Joint Lead Arranger	\$170,588,235.29	\$ 72,500,000.00	17.058824%
BMO Harris Financing, Inc., Co-Documentation Agent	\$152,941,176.47	\$ 65,000,000.00	15.294118%
Bank of America, N.A., Co-Documentation Agent	\$152,941,176.47	\$ 65,000,000.00	15.294118%
Comerica Bank	\$ 82,352,941.18	\$ 35,000,000.00	8.235294%
Toronto-Dominion Bank, New York Branch	\$ 82,352,941.18	\$ 35,000,000.00	8.235294%
CIBC	\$ 82,352,941.18	\$ 35,000,000.00	8.235294%
Arvest Bank	\$ 35,294,117.65	\$ 15,000,000.00	3.529412%
Branch Banking & Trust	\$ 35,294,117.65	\$ 15,000,000.00	3.529412%
IBERIABANK	\$ 35,294,117.65	\$ 15,000,000.00	3.529412%
TOTALS	\$1,000,000,000.00 (Aggregate Maximum Credit Amounts)	\$425,000,000.00 (Aggregate Elected Commitment Amounts)	100.000000%

SCHEDULE 3

DISCLOSURE SCHEDULE

1. Section 5.8 - Subsidiaries

<u>Name</u>	<u>State/County of Incorporation</u>	<u>Ownership Interest by Borrower</u>
Unit Petroleum Company	Oklahoma	100% UC
Unit Drilling Company	Oklahoma	100% UC
Petroleum Supply Company	Oklahoma	100% UC
Unit Drilling and Exploration Company	Delaware	100% UC
8200 Unit Drive, L.L.C.	Delaware	100% UC
SPC Midstream Operating, L.L.C.	Oklahoma	100% UC
Unit Drilling USA Colombia, L.L.C.	Oklahoma	100% UDC
Unit Drilling Colombia, L.L.C.	Delaware	100% Unit Drilling Colombia, L.L.C.
Unit Texas Company	Oklahoma	100% UPC

2. Section 5.9 - ERISA

- None

3. Section 7.2 - Existing Indebtedness

- \$650.0 million, 6.625% senior subordinated notes
 - Obligations owed to the Lenders
 - Matters disclosed in Unit Corporation's Periodic Reports on Form 10-K and 10-Q for the fiscal year ended December 31, 2017 and the six months ended June 30, 2018, respectively
-

4. Section 7.5 - Investments

- Investments in the following limited partnerships sponsored by Borrowers:

Partnership Name	Formation Date	Entity Number
Unit 2000 Employee Oil and Gas Limited Partnership	02/22/2000	3300639159
Unit 2001 Employee Oil and Gas Limited Partnership	02/09/2001	3300659891
Unit 2002 Employee Oil and Gas Limited Partnership	01/30/2002	3300681640
Unit 2003 Employee Oil and Gas Limited Partnership	01/31/2003	3300707126
Unit 2004 Employee Oil and Gas Limited Partnership	02/18/2004	3312030138
Unit 2005 Employee Oil and Gas Limited Partnership	01/26/2005	3312061903
Unit 2006 Employee Oil and Gas Limited Partnership	02/02/2006	3312095695
Unit 2007 Employee Oil and Gas Limited Partnership	02/06/2007	3312130576
Unit 2008 Employee Oil and Gas Limited Partnership	01/31/2009	3312168690
Unit 2009 Employee Oil and Gas Limited Partnership	02/05/2009	3312219832
Unit 2010 Employee Oil and Gas Limited Partnership	12/31/2009	3312257971
Unit 2011 Employee Oil and Gas Limited Partnership	12/16/2010	3312296171
Unit Consolidated Employee Oil and Gas Limited Partnership	11/30/1993	3300531267

See Unit Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for more information

5. Section 7.6 - Existing Liens

- Security Instruments securing the Obligations owed to the Lenders

6. Section 7.8 - Contingent Obligations

- None.

7. 7.11 - Prohibited Contracts

- None
-

EXHIBIT A
TO
FIFTH AMENDMENT TO
SENIOR CREDIT AGREEMENT
SCHEDULE OF ADDITIONAL OIL AND GAS PROPERTIES TO BE MORTGAGED

OK	GRADY	SCHENK TRUST #1-17HXL (CNV PUD - MCHD)
TX	HEMPHILL	MEEK 6814 XL #1H (CNV PUD)
TX	Hemphill	FRANCIS 5859 EXL #2H (NWD 17)

EXHIBIT B
TO
FIFTH AMENDMENT TO
SENIOR CREDIT AGREEMENT

(CONFORMED COPY OF THE SENIOR CREDIT AGREEMENT, AS OF THE FIFTH AMENDMENT EFFECTIVE DATE, THROUGH AND INCLUDING THIS FIFTH AMENDMENT THERETO, WITH THE REDLINED ADDITIONS AND DELETIONS SHOWN IN THE ATTACHED REFLECTING ALL REVISIONS BEING EFFECTUATED PURSUANT TO THIS FIFTH AMENDMENT)

[SEE ATTACHED]

**CONFORMED COPY OF
SENIOR CREDIT AGREEMENT
DATED AS OF SEPTEMBER 13, 2011
AS AMENDED BY 9/5/12 FIRST AMENDMENT, 4/10/15 SECOND AMENDMENT, 4/8/16 THIRD AMENDMENT,
4/2/18 FOURTH AMENDMENT, AND 10/18/18 FIFTH AMENDMENT**

AMONG

**UNIT CORPORATION,
UNIT DRILLING COMPANY,
and
UNIT PETROLEUM COMPANY,
AS BORROWERS,**

and

THE LENDERS,

**BOKE, NA, DBA BANK OF OKLAHOMA,
AS ADMINISTRATIVE AGENT FOR THE LENDERS,**

and with

COMPASS BANK

as

JOINT-LEAD ARRANGERS, JOINT BOOKRUNNERS AND CO-SYNDICATION AGENTS,

and with

BANK OF AMERICA, N.A. AND BANK OF MONTREAL,

as

CO-DOCUMENTATION AGENTS

SENIOR CREDIT AGREEMENT

THIS SENIOR CREDIT AGREEMENT is effective as of September 13, 2011 (as amended by each of the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment and the Fifth Amendment, collectively this "Agreement"). It is among:

UNIT CORPORATION, a Delaware corporation ("**Unit**"), UNIT DRILLING COMPANY, an Oklahoma corporation ("**Unit Drilling**"), UNIT PETROLEUM COMPANY, an Oklahoma corporation ("**Unit Petroleum**") (each of Unit, Unit Drilling and Unit Petroleum, together with each existing Material Subsidiary of each of the foregoing Persons (but excluding Superior), and each of their respective successors and assigns, including any receiver, trustee or debtor-in-possession, is each, individually, herein referred to as a "**Borrower**", and, collectively, jointly and severally, as the "**Borrowers**"),

and

BOKF, NA, dba Bank of Oklahoma, formerly Bank of Oklahoma, National Association (**BOK**"), COMPASS BANK ("BBVA Compass"), BOK and BBVA Compass as joint lead arrangers, joint bookrunners and co-syndication agents ("Syndication Agents"), BANK OF AMERICA, N.A. (**B of A**"), and BANK OF MONTREAL (**BMO**"), as co-documentation agents ("Documentation Agents"), the lenders now or at various times later signatories to this Agreement (the current lender parties to this Agreement and the Additional Lenders that may become signatory parties to this Agreement, each being sometimes referred to in this Agreement, individually, as a "Lender," and collectively as the "Lenders");

and

BOK as administrative agent for the Lenders (in that capacity, referred to as the "Administrative Agent").

RECITALS

- A. Unit, Unit Drilling, Unit Petroleum, Unit Texas Drilling, L.L.C. (which has heretofore been dissolved) and Superior LLC (collectively the "Original Borrowers"), BOK, as the administrative agent for the financial institutions defined in that agreement as the "Existing Lenders" thereunder (such Persons are herein referred to, collectively, as the "Original Lenders") were parties to a First Amended and Restated Credit Agreement dated as of May 24, 2007, as amended by the First Amendment dated as of December 23, 2008 (collectively, the "Original Credit Agreement"). The Original Lenders provided certain loans and extensions of revolving credit to such Original Borrowers (all indebtedness arising and all obligations, including contingent liabilities on letters of credit issued under the Original Credit Agreement are collectively called the "Original Indebtedness");

- B. The Borrowers, the Lenders signatory thereto, and the Administrative Agent amended and restated the Original Credit Agreement by entering into that certain Senior Credit Agreement dated as of September 13, 2011, as amended by that certain First Amendment and Consent to Senior Credit Agreement dated as of September 5, 2012, that certain Second Amendment and Consent to Senior Credit Agreement dated as of April 10, 2015, that certain Third Amendment to Senior Credit Agreement dated as of April 8, 2016, and that certain Fourth Amendment to Senior Credit Agreement dated as of April 2, 2018 (collectively, the "Existing Credit Agreement"), under which the Lenders severally established certain commitments set forth on the Lenders Schedule annexed as Schedule 2 to the Existing Credit Agreement until the Facility Termination Date, subject to the Maximum Credit Amount (as defined in the Existing Credit Agreement) and the Borrowing Base, all of which: (i) arranged for the refinancing of any Original Indebtedness in full with funds to be made available under this Agreement and terminated the commitments issued in the Original Credit Agreement to be replaced by the Elected Commitments under this Agreement; (ii) provided the Borrowers financing for general working capital requirements for (a) exploration, development, production and acquisition of Oil and Gas Properties, (b) acquisitions and operation of midstream assets, (c) issuance of standby Letters of Credit, (d) contract drilling services, and (e) general corporate purposes of the Borrowers; and (iii) otherwise amended some of the terms of the Original Credit Agreement. After giving effect to the refinancing of any Original Indebtedness and extinguishing and replacing the commitments of the Original Lenders with the Elected Commitments of the Lenders the several (but not joint) Elected Commitment of each Lender is as set forth on the Lenders' Schedule annexed to the Existing Credit Agreement as Schedule 2, as said Schedule 2 is being amended and restated in its entirety, effective as of the Fifth Amendment Effective Date, in the form thereof being attached to the Fifth Amendment, until the Facility Termination Date, and subject to the Aggregate Maximum Credit Amounts, the Borrowing Base, and the Aggregate Elected Commitment Amounts;
- C. The Lenders have appointed BOK as Administrative Agent for the Lenders, and the Borrowers now desire to modify the Existing Credit Agreement as more particularly described in this Agreement;
- D. By a separate agreement between BOK and Borrowers, BOK and BBVA Compass were appointed Joint-Lead Arrangers, Joint Bookrunners and Co-Syndication Agents, and B of A and BMO have been appointed Documentation Agents for this Agreement;
- E. As more particularly provided for in Section 4 of the Fourth Amendment, the Borrowers have: (x) advised Administrative Agent and the Lenders of Unit's intent to sell fifty percent (50%) of its Equity Interests in Superior and their respective Subsidiaries, before the next Determination Date to occur after the Fourth Amendment Effective Date on terms that are acceptable to, and have been approved by, Administrative Agent (the "**Superior Sale**"), subject to the conditions that (i) the Superior Sale results in net sales proceeds inuring to Unit over two hundred million dollars (\$200,000,000) (with \$200,000,000 being herein called the "**Superior Sale**");

Net Proceeds”), and (ii) Borrowers shall, on the same Business Day of Unit’s receipt of the Superior Sale Net Proceeds, cause the Superior Sale Net Proceeds to be paid to Administrative Agent (for the ratable benefit of the Lenders) to pay down the existing outstanding principal balance of the Outstanding Credit Exposure by the Superior Sale Net Proceeds (the conditions in preceding sub-clauses (i) and (ii) of this clause (x) of this Recital E, are herein together, called the **"Superior Sale Paydown Conditions"**); and (y) requested that Administrative Agent and the Required Lenders consent to permit Unit to facilitate and consummate the Superior Sale, subject to (without limitation) the Superior Sale Paydown Conditions, and at closing of the Superior Sale automatically remove and irrevocably release and discharge each Person constituting Superior and their respective Subsidiaries as a Borrower, Subsidiary Guarantor and/or co-obligor under the Existing Credit Agreement and the other Loan Documents, provided that the Superior Sale Paydown Conditions shall have been duly satisfied (the **"Superior Release"**), with no further action being required to effectuate the foregoing as more particularly described in Section 4 of the Fourth Amendment. Administrative Agent and Required Lenders are agreeable to granting such consents, subject to the foregoing and the Fourth Amendment.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Defined Terms. The following terms have the meaning specified below:

"2016 Pledge Side Letter" has the meaning ascribed thereto in the Fourth Amendment.

"2016 UCC" has the meaning ascribed thereto in the Fourth Amendment.

"2017 UCC" has the meaning ascribed thereto in the Fourth Amendment.

"2018 UCC" means that certain UCC financing statement naming Unit, as debtor, and naming Administrative Agent, as secured party, filed with the Office of the Delaware Secretary of State on May 2, 2018, as U.C.C. Initial Filing No.: 201 2996458, reflecting the first-priority lien and security interest granted to the Administrative Agent (on behalf of itself and the other Secured Parties (as defined in the 2018 Pledge Agreement)) in and to all of the Collateral (as defined in the 2018 Pledge Agreement) as more particularly described in the 2018 Pledge Agreement.

"2018 Pledge Agreement" means that certain Pledge Agreement dated May 2, 2018, executed and delivered by Unit, as grantor, for the benefit of Administrative Agent (on behalf of itself and the other Secured Parties (as defined therein)), including all exhibit instruments attached thereto (including those exhibit instruments executed and delivered by, respectively, Unit and/or Superior LLC).

"2018 Superior Pledge Instruments" means, collectively, the 2018 UCC and the 2018 Pledge Agreement.

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which any of the Credit Parties (i) acquires, by any means, any going business or all or substantially all of the assets of any Person, (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company, or (iii) acquires individually or together Oil and Gas Properties (and ancillary assets), gas gathering systems or gas processing plants, or drilling rigs (and ancillary equipment).

"Administrative Agent" means BOK in its capacity as contractual administrative agent of the Lenders.

"Advance" means a borrowing under Article 2, (i) made by the Lenders on the same Borrowing Date, or (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting, in either case, of Loans of the same type (either Floating Rate Advance or Eurodollar Advance) and, in the case of Eurodollar Loans, for the same Interest Period.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with that Person. A Person will be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (capital stock, general or limited partnership units or interests, limited liability company membership interests or association or other business entity shares, participations, rights or other equivalent ownership interests, however designated) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise. From and after the Superior Release Effective Date, the term "Affiliate" shall not include Superior or any of their respective Subsidiaries for any purposes of this Agreement, other than for the limited purposes of Section 7.7 hereof.

"Aggregate Elected Commitment Amounts" means the sum of the Elected Commitments of all Lenders, as adjusted from time to time under this Agreement. In no event will the Aggregate Elected Commitment Amounts exceed the lesser of (i) the Borrowing Base, or (ii) the Aggregate Maximum Credit Amounts.

"Aggregate Maximum Credit Amounts" at any time means the sum of the Maximum Credit Amounts of the Lenders, as the same may be modified or terminated pursuant to this Agreement.

"Alternate Base Rate" means, for any day, a rate of interest per annum equal to the higher of (i) the Prime Rate for that day, or (ii) the sum of the Federal Funds Effective Rate for that day plus one-half of one percent (0.50%); but, in no event shall the Alternate Base Rate be less than the sum of (x) the Eurodollar Rate for that day for a Eurodollar Loan with a one month Interest Period plus (y) one hundred basis points (1.00%).

"Anti-Corruption Laws" mean, collectively, the FCPA, the UK Bribery Act of 2010, and all other legal requirements and guidelines of any jurisdiction applicable to any Credit Party from time to time concerning or relating to bribery or corruption.

"Anti-Money Laundering Laws" mean, collectively, all applicable financial recordkeeping and reporting requirements and the money laundering statutes and the rules and regulations thereunder and any related or similar legal requirements or guidelines, which in each case are issued, administered or enforced by any Governmental Authority having jurisdiction over any Credit Party.

"Applicable Margin" means the percentage rate per annum set forth in the Pricing Schedule.

"Applicable Mortgage Threshold" means valid and perfected first priority Mortgage Liens securing the Obligations on Borrowing Base Properties with a value, as determined by Administrative Agent, at no time less than eighty percent (80%) of the PDP PW8 total value of all Borrowing Base Properties.

"Authorized Officer" means the president, the chief financial officer, any vice president, the treasurer or any assistant treasurer of the Borrowers, acting singly.

"Available Total Commitment" means, at any time, the Aggregate Elected Commitment Amounts then in effect minus the Total Outstanding Credit Exposure.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Borrower(s)" means, after the occurrence of the Superior Release Effective Date, each individually and collectively, Unit, Unit Drilling and Unit Petroleum, together with each existing Material Subsidiary of each of the foregoing Persons (but excluding Superior), and each of their respective successors and assigns, including any receiver, trustee or debtor-in-possession, is each, individually, herein referred to as a "**Borrower**", and, collectively, jointly and severally, as the "**Borrowers**".

"Borrowing Base" means, at the time in question, either the amount provided for in Section 2.6.1 or the amount otherwise determined in accordance with the remaining provisions of Section 2.6.

"Borrowing Base Properties" means the Oil and Gas Properties, as evaluated by Lenders for purposes of establishing the Borrowing Base.

"Borrowing Base Usage Percentage" means, for any day, the percentage equal to the quotient of (i) the Total Outstanding Credit Exposure on that day, divided by (ii) the Borrowing Base.

"Borrowing Date" means the date an Advance is made under this Agreement.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Tulsa, Oklahoma, and New York City, New York, for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Tulsa, Oklahoma, for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

"Capitalized Lease" of a Person, means any lease of Property by that Person as lessee which would be capitalized on that Person's balance sheet prepared in accordance with GAAP.

"Capitalized Lease Obligations" of a Person means the amount of the obligation of that Person under Capitalized Leases which would be shown as a liability on that Person's balance sheet prepared in accordance with GAAP; provided that (i) any lease that was treated as an operating lease under GAAP at the time it was entered into that later becomes a Capital Lease as a result of a change in GAAP during the life of such lease, including any renewals, and (ii) any lease entered into after the Fourth Amendment Effective Date that would have been considered an operating lease under the provisions of GAAP, in each case shall be treated as an operating lease for all purposes under the Fourth Amendment, provided further, in no event shall the aggregate amount of the obligations under operating leases and/or leases addressed in clauses (i) and (ii) above exceed \$25,000,000.00.

"Cash Equivalent Investments" means (i) short-term obligations of, or fully guaranteed by, the United States of America, (ii) commercial paper rated A-1 or better by S&P or P-1 or better by Moody's, (iii) demand deposit accounts maintained in the ordinary course of business, and (iv) certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) having capital and surplus in excess of \$100,000,000; provided in each case that the same provides for payment of both principal and interest (and not principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest.

"Change in Control" means the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 30% or more of the outstanding shares of voting stock of Unit.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Commitment Fee Rate" means, at any time, the per annum percentage rate at which commitment fees are accruing on the Available Total Commitment under Section 2.5.2 at that time at the rate set forth in the Pricing Schedule.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time and any successor statute.

"Consolidated EBITDA" means the sum of: (I) all dividends and distributions received by Borrowers and their Subsidiaries (excluding Unrestricted Subsidiaries) from any Unrestricted Subsidiary; plus (II) Consolidated Net Income, plus, to the extent deducted in determining Consolidated Net Income, (a) Consolidated Interest Expense, (b) expense for income and income based taxes paid or accrued, (c) depreciation, depletion, and amortization, all calculated on a consolidated basis, (d) non-cash expenses of the Borrowers and their Subsidiaries associated with stock-based compensation reducing such Consolidated Net Income which do not represent a cash item in such period or any future period, (e) any net loss reducing Consolidated Net Income in connection with any disposition of assets, (f) any extraordinary, unusual or non-cash expenses or losses of Borrowers and their Subsidiaries reducing Consolidated Net Income which do not represent a cash item in such period or any future period and (g) all other non-cash charges, minus all non-cash income, added to Consolidated Net Income.

"Consolidated Interest Expense" means, for any period with respect to any Person, the amount which, under GAAP would be set forth opposite the caption "interest expense" or any like caption (including without limitation, imputed interest included in payments under any Capitalized Lease) on a consolidated income statement of that Person and its Subsidiaries for the period excluding the amortization of any original issue discount.

"Consolidated Net Income" means, with reference to any applicable 12-month measurement period, the net income (or loss) of the Borrowers and their Subsidiaries (other than Unrestricted Subsidiaries, whose net income (or loss) is hereby excluded from "Consolidated Net Income" for all purposes of this Agreement) calculated on a consolidated basis for such period; but there will not be included in Consolidated Net Income (to the extent it otherwise would be included) any of the following: (a) any after tax extraordinary gain or loss, along with any provisions for taxes on such gain or loss and all related fees and expenses; (b) the cumulative effect of a change in accounting principles; (c) any asset impairment write-downs on Oil and Gas Properties under GAAP or SEC guidelines; (d) any consolidated impairment charges recorded in connection with the application of ASC 350 "Goodwill and Other Intangibles;" (e) any unrealized non-cash gains or losses on charges in respect of Rate Management Obligations or hedging obligations (including those resulting from the application of ASC 815); (f) income or loss attributable to discontinued operations (including operations disposed of during such period whether or not such operations were classified as discontinued), (g) all deferred financing costs written off, and premiums paid, in connection with any early extinguishment of Indebtedness, (h) non-cash expenses of the Borrowers and their Subsidiaries (other than Unrestricted Subsidiaries) associated with stock-based plans reducing such Consolidated Net Income which do not represent a cash item in such period or any future period, and (i) any other non-cash charges; and provided further that if the Borrowers and their Subsidiaries (other than Unrestricted Subsidiaries) shall acquire or dispose of any Property (other than pursuant to the Superior Sale) during such period then Consolidated Net Income shall be calculated after giving the *pro forma*

effect to such acquisition or disposition (other than the Superior Sale) in accordance with GAAP approved by the Administrative Agent, as if such acquisition or disposition had occurred on the first day of such applicable 12-month measurement period.

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which that Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable on, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of the other Person against loss, including, without limitation, any comfort letter, take-or-pay contract or the obligations of any Person as general partner of a partnership with respect to the liabilities of the partnership.

"Controlled Group" means all members of a group of corporations or other business entities and all trades or businesses (whether or not incorporated) which, together with the Borrowers or any of their respective Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Credit Extension" means the making of an Advance or the issuance of a Letter of Credit under this Agreement.

"Credit Extension Date" means the Borrowing Date for an Advance or the issuance date for a Letter of Credit.

"Credit Parties" means, collectively, the Borrowers and the Subsidiary Guarantors, and "Credit Party" means any one of them.

"Default" means any event or condition that upon notice, lapse of time or both would constitute of Event of Default.

"Defaulting Lender" means any Lender, as determined by the Administrative Agent, that has (a) failed to fund any portion of its Loans or participations in Letters of Credit within three (3) Business Days of the date required to be funded by i hereunder, (b) notified Unit, the Administrative Agent or the LC Issuer or any Lender in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under other agreements in which it commits to extend credit, (c) failed, within three (3) Business Days after request by the Administrative Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans and participations in then outstanding Letters of Credit, (d) otherwise failed to pay over to the Administrative Agent, any other Lender or any Borrower any other amount required to be paid by it hereunder within three (3) Business Days of the date when due, unless the subject of a good faith dispute, (e) (i) become or is insolvent or has a parent company that has become or is insolvent or (ii) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or custodian, appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or

appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment; provided, however, that a Lender shall not be a "Defaulting Lender" solely because the Federal Deposit Insurance Corporation or other applicable federal or state regulatory agency has been appointed as receiver, interim receiver, monitor, conservator, trustee or custodian for any parent company of such Lender or acquired an ownership interest in such parent company, provided that and only for as long as (i) such appointment or acquisition does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such applicable federal or state regulatory agency or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Lender, (ii) such Lender confirms in writing, upon request by the Administrative Agent, that it will continue to comply with its obligations to make Loans and fulfill all other obligations required to be made and fulfilled by it hereunder, and (iii) such Lender complies with its obligations to make all Loans and fulfill all other obligations required to be made or fulfilled by it hereunder; or (f) that has, or that has a direct or indirect parent company that has, become the subject of a Bail-In Action.

"Deficiency" has the meaning assigned thereto in Section 2.6.7.

"Determination Date" has the meaning assigned thereto in Section 2.6.3(c).

"Disclosure Schedule" means Schedule 3.

"Disqualified Stock" means any Equity Interests that, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests or solely at the direction of the issuer), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale or casualty or condemnation event so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale or casualty or condemnation event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Aggregate Elected Commitment Amounts and the termination of all outstanding LC Obligations, including all Reimbursement Obligations (unless the outstanding amount of all LC Obligations, including all Reimbursement Obligations related thereto, and all outstanding Rate Management Obligations under Financial Contracts with any Lender or any Lender Counterparty, has been cash collateralized or novated in accordance with this Agreement or otherwise to the satisfaction of the Administrative Agent and each LC Issuer), (b) is redeemable at the option of the holder thereof (other than if the issuer has the option to settle for Qualified Equity Interests and cash in lieu of fractional shares), in whole or in part, (c) provides for the scheduled payments of dividends in cash or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock, in each case, prior to the date that is ninety-one (91) days after the Facility Termination Date at the time such Equity Interest is issued; provided that if such Equity Interests are issued pursuant to a plan for the benefit of employees of any Borrower or Subsidiary (other than an

Unrestricted Subsidiary) or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Stock solely because they may be required to be repurchased by the Borrower or its Subsidiaries (other than an Unrestricted Subsidiary) in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability.

"Domestic Subsidiary" means any Subsidiary that is not a Foreign Subsidiary.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

"Elected Commitment" means, with respect to each Lender, the commitment of such Lender to make Loans and to acquire participations in Letters of Credit hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Outstanding Credit Exposure hereunder, as such "Elected Commitment" may be (a) modified from time to time pursuant to Section 2.6 and/or Section 14.6, or (b) modified from time to time pursuant to assignments by or to such Lender pursuant to Section 14.3. The amount representing each Lender's Elected Commitment shall at any time be such Lender's applicable Pro Rata Share of the Aggregate Elected Commitment Amounts then in effect. As of the Fifth Amendment Effective Date, the amount of each Lender's applicable Elected Commitment is set forth opposite such Lender's name on Schedule 2 under the caption "Elected Commitment."

"Engineering Report" means each engineering report delivered under Section 6.1(vii) or (viii), as applicable.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"Equity Interest" and "Equity Interests" mean, individually or collectively as the context requires, shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any

warrants, options or other rights entitling the holder thereof to purchase or acquire any such Equity Interest.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Eurodollar Advance" means an Advance which, other than as provided in Section 2.12, bears interest at the applicable Eurodollar Rate.

"Eurodollar Base Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, a rate (expressed to the fifth decimal place) equal to (i) the rate of interest which is identified and normally published by ICE Benchmark Administration (the "LIBOR") as the offered rate for loans in United States dollars for the applicable Interest Period as of 11:00 a.m. (London time), on the second full Business Day next preceding the first day of such Interest Period (unless such date is not a Business Day, in which event the next succeeding Business Day will be used); plus (ii) the maximum reserve requirement, if any, then imposed under Regulation D of the Board of Governors of the Federal Reserve System (or any successor thereto) for "Eurocurrency Liabilities" (as defined therein); provided, however, that if LIBOR determined as provided above shall be less than zero, LIBOR shall be deemed to be zero for the purposes of this Agreement. If ICE Benchmark Administration no longer reports the LIBOR or Administrative Agent determines in good faith that the rate so reported no longer accurately reflects the rate available to Lender in the London Interbank Market or if such index no longer exists or accurately reflects the rate available to Administrative Agent in the London Interbank Market, Administrative Agent may select a replacement index.

"Eurodollar Loan" means a Loan that, except as otherwise provided in Section 2.12, bears interest at the applicable Eurodollar Rate.

"Eurodollar Rate" means, with respect to any Interest Period, an interest rate per annum equal to the sum of (i) the quotient of (a) the Eurodollar Base Rate applicable to the Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to the Interest Period, plus (ii) the Applicable Margin, based on a 360 day year.

"Event of Default" means the occurrence of any of the events described in Section 10.1.1-10.1.17, inclusive.

"Excluded Swap Obligation" means, with respect to any Subsidiary Guarantor, any Rate Management Obligation if, and to the extent that, all or a portion of the Subsidiary Guaranty of such Subsidiary Guarantor of, or the grant by such Subsidiary Guarantor of a security interest to secure, such Rate Management Obligation (or any Subsidiary Guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Future Trading Commission (or the application or official interpretation of any thereof) by virtue of such Subsidiary Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act (determined after giving effect to Section 10.20 and any other "keepwell, support or other agreement" for the benefit of such

Subsidiary Guarantor and any and all guarantees of such Subsidiary Guarantor's Rate Management Obligations by other Cred Parties) at the time the Subsidiary Guaranty of such Subsidiary Guarantor, or a grant by such Subsidiary Guarantor of a security interest, becomes effective with respect to such Rate Management Obligation. If a Rate Management Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Rate Management Obligation that is attributable to swaps for which such Guaranty or security interest is or becomes illegal.

"Excluded Taxes" means, in the case of each Lender, each LC Issuer and the Administrative Agent, (a) Taxes imposed on its overall net income, and franchise taxes imposed on it, by (i) the jurisdiction under the laws of which such Lender, Administrative Agent or LC Issuer is incorporated or organized, (ii) the jurisdiction in which the Administrative Agent's, the LC Issuer's or the Lender's principal executive office is or applicable lending or issuing office located (iii) the jurisdiction with which the Administrative Agent, the Lender or the LC Issuer has a present or former connection (other than a connection arising solely from the transactions specifically contemplated by this Agreement), (b) any Taxes imposed under the laws of the United States of America or any political subdivision thereof or therein that would apply if any payment were made under any of the Loan Documents to the Lender or the LC Issuer on the day the Lender becomes a Lender or the LC Issuer becomes an LC Issuer (or in either case, designates a new lending or issuing office); (c) and Taxes that are attributable to the Lender's or the LC Issuer's failure to comply with Section 3.3(v) of this Agreement; and (d) any applicable Taxes imposed under Sections 1471-1474 of the Code as of the date of this Agreement and any current or future regulations or official interpretations thereof.

"Existing Maturity Date" shall have the meaning ascribed thereto within Section 3.8.1.

"Facility Termination Date" means the date that is the earlier of: (a) October 18, 2023 (as such date may be extended pursuant to Section 3.8, the "Scheduled Facility Termination Date"); (b) November 16, 2020, to the extent that, on or before such date, all Permitted Subordinated Notes issued pursuant to the Permitted Existing Indenture are not repurchased, redeemed or refinanced to have a new, extended maturity date at least six (6) months after the Scheduled Facility Termination Date (subject to extension pursuant to Section 3.8); or (c) any earlier date on which the Aggregate Elected Commitment Amounts are reduced to zero or otherwise terminated under the terms of this Agreement.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date hereof, (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any applicable intergovernmental agreements entered into by the United States that implement the foregoing.

"FCPA" means The United States Foreign Corrupt Practices Act of 1977 (Pub. L. No. 95 213, §§101 104), as amended or replaced.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on that day, as published for that day

(or, if that day is not a Business Day, for the prior Business Day) by the Federal Reserve Bank of New York, or, if the rate is not published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Tulsa time) on that day on those transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

"Fee Letter" means that certain Fee Letter dated September 21, 2018, by and among Unit (on behalf of itself and its Subsidiaries) and the Administrative Agent.

"Fifth Amendment" means the Fifth Amendment dated as of the Fifth Amendment Effective Date, to that certain Senior Credit Agreement dated September 13, 2011, by and among the Borrowers, the Administrative Agent and the Lenders party thereto.

"Fifth Amendment Assigned Interests" has the meaning ascribed thereto in the Fifth Amendment.

"Fifth Amendment Effective Date" shall have the meaning ascribed to such term in the introductory paragraph of the Fifth Amendment.

"Fifth Amendment Existing Commitments" has the meaning ascribed thereto in the Fifth Amendment.

"Fifth Amendment Existing Lenders" has the meaning ascribed thereto in the Fifth Amendment.

"Fifth Amendment Existing Loans" has the meaning ascribed thereto in the Fifth Amendment

"Fifth Amendment Exiting Lender" has the meaning ascribed thereto in the Fifth Amendment.

"Fifth Amendment New Lender" has the meaning ascribed thereto in the Fifth Amendment.

"Fifth Amendment Waiver" shall have the meaning ascribed to such term in Recital C to the Fifth Amendment.

"Financial Contract" of a Person means (i) any exchange-traded or over-the-counter futures, forward, swap, hedge or option contract or other financial instrument with similar characteristics, (ii) any Rate Management Transaction and (iii) with respect to any Subsidiary Guarantor any obligations owed to any Lender or any Affiliate of a Lender to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"First Amendment" means the First Amendment and Consent to Senior Credit Agreement dated as of September 5, 2012 among the Borrowers, the Administrative Agent and the Lenders party thereto.

"Floating Rate" means, for any day, a rate per annum equal to the sum of (i) the Alternate Base Rate for that day, changing when and as the Alternate Base Rate changes, plus (ii) the Applicable Margin.

"Floating Rate Advance" means an Advance which, except as otherwise provided in Section 2.12, bears interest at the Floating Rate.

"Floating Rate Loan" means a Loan which, except as otherwise provided in Section 2.12, bears interest at the Floating Rate.

"Flood Insurance Regulations" means (a) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (b) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statute thereto, (c) the National Flood Insurance Reform Act of 1994 (amending 42 USC § 4001, et seq.), as the same may be amended or recodified from time to time, (d) the Flood Insurance Reform Act of 2004 and (e) any regulations promulgated under any of the foregoing.

"Foreign Subsidiary" means (i) any Subsidiary that is not incorporated or organized under the laws of the United States, any State thereof or the District of Columbia, and (ii) any Subsidiary of a Subsidiary described in clause (i).

"Fourth Amendment" means the Fourth Amendment to Senior Credit Agreement dated as of the Fourth Amendment Effective Date among the Borrowers, the Administrative Agent and the Lenders party thereto.

"Fourth Amendment Effective Date" means April 2, 2018.

"Fourth Amendment Exiting Lender" has the meaning ascribed thereto in the Fourth Amendment.

"Funded Debt" means all outstanding long term Indebtedness of the Borrowers in accordance with GAAP excluding deferred Taxes, non cash hedging obligations under ASC 815 and the plugging and abandonment accrued liabilities described in Section 7.8(iv); provided that "Funded Debt" shall include all Subordinated Debt, all Indebtedness arising under the Permitted Senior Notes, and all Indebtedness of such Persons permitted under Section 7.2(v).

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States. At any time after the date of this Agreement, the Borrowers, may elect to apply International Financial Reporting Standards ("IFRS" accounting principles in lieu of GAAP and, on that election, references to GAAP will then be construed to mean IFRS from time to time; provided that any such election, once made, shall be irrevocable and further provided that any calculation or determination in this Agreement that requires the application of GAAP for periods that include fiscal quarters ended before the Borrowers' election to apply IFRS will remain as previously calculated or determined in accordance with GAAP. The Borrowers will give notice of an election made in accordance with this definition to the Administrative Agent.

"Governmental Authority" means any federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory or legislative body.

"Highest Lawful Rate" means, on any day with respect to a Lender to whom Obligations are owed, the maximum non-usurious rate of interest that the Lender is permitted under applicable law to contract for, take, charge or receive with respect to the Obligations for that day. All determinations of the Highest Lawful Rate, or of any interest rate determined by reference to the Highest Lawful Rate, will be made separately for each Lender as appropriate to assure that the Loan Documents are not construed to obligate any Person to pay interest to any Lender at a rate in excess of the Highest Lawful Rate applicable to the Lender.

"Hydrocarbon Interests" means all rights, titles, interests and estates now or later acquired in and to (i) Hydrocarbons and (ii) oil and gas leases, or other liquid or gaseous Hydrocarbon or mineral leases, mineral fee interests, overriding royalty and royalty interests, net profit interests, production payment interests, farm outs and farm ins, including any reserved, back in or residual interests of whatever nature.

"Hydrocarbons" means oil, gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined or separated therefrom.

"Indebtedness" of a Person means, without duplications, that Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of the Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property owned or acquired by that Person (other than Permitted Encumbrances), (iv) obligations which are evidenced by notes, bonds, debentures, acceptances, or other similar instruments, (v) obligations to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (vi) Capitalized Lease Obligations, (vii) Contingent Obligations in respect of other Indebtedness (viii) obligations under Financial Contracts, including Rate Management Obligations, (ix) obligations to reimburse issuers of Letters of Credit, (x) obligations with respect to payments received in consideration of oil, gas, or other minerals yet to be produced at the time of payment (including obligations under "take-or-pay" contracts to deliver gas in return for payments already received and the undischarged balance of any production payment created by that Person or for the creation of which the Person directly or indirectly received payment), (xi) obligations with respect to other obligations to deliver goods or services in consideration of advance payments therefor; (xii) any other obligation for borrowed money or other financial accommodation which in accordance with GAAP would be shown as a liability on the consolidated balance sheet of that Person, (xiii) all obligations of such Person secured by a Lien on any Property of such Person regardless of whether the Indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of such Person, and (xiv) all liabilities of such Person as a general partner of a partnership for obligations of such partnership of the nature described in clauses (i) through (xiii) above.

"Indemnified Taxes" means Taxes, other than Excluded Taxes, imposed on the Administrative Agent, any Lender or any LC Issuer with respect to any payment made by any Credit Party under any Loan Document.

"Initial Permitted Senior Notes" has the meaning assigned thereto in Section 2.6.8.

"Interest Period" means, with respect to a Eurodollar Advance, a period of one, two, three or six months commencing on a Business Day selected by Unit under this Agreement. The Interest Period will end on the day that corresponds numerically to the date one, two, three, or six months thereafter. If there is no numerically corresponding day in the next, second, third or sixth succeeding month, the Interest Period will end on the last Business Day of the next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day that is not a Business Day, the Interest Period will end on the next succeeding Business Day. If the next succeeding Business Day falls in a new calendar month, the Interest Period will end on the immediately preceding Business Day.

"Investment" of a Person means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by that Person to another Person and any stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by that Person.

"LC Application" has the meaning assigned to it in Section 2.19.3.

"LC Issuer" means BOk (or any subsidiary or affiliate of BOk designated by BOk) or any other Lender that agrees to be an LC Issuer in its capacity as issuer of Letters of Credit under this Agreement.

"LC Obligations" means, at any time, the sum, without duplication, of (i) the total undrawn stated amount under all Letters of Credit outstanding at that time plus (ii) the total unpaid amount at that time of all Reimbursement Obligations.

"LC Sublimit" means \$50,000,000 unless otherwise agreed in writing among the LC Issuer, Unit and the Required Lenders.

"Lender Counterparty" means any Person counterparty to a Financial Contract who is (or, at the time such Financial Contract was entered into, was) a Lender or an Affiliate of a Lender.

"Lenders" means the lending institutions now or later listed on the signature pages of this Agreement.

"Lenders' Schedule" means Schedule 2.

"Letter of Credit" of a Person means a letter of credit or similar instrument that is issued on the application of that Person or on which that Person is an account party or for which that Person is in any way liable.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan" means, with respect to a Lender, that Lender's Advances made under Article 2 (or any conversion or continuation of that Advance).

"Loan Documents" mean, collectively, this Agreement (as modified by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, and the Fifth Amendment), the LC Applications, the Notes, the Letters of Credit, each Subsidiary Guaranty, the Security Instruments and each compliance certificate, Borrowing Notice, and Conversion/Continuation Notice executed by Borrowers pursuant to this Agreement; as any of the foregoing may be amended, amended and restated, modified, replaced or otherwise supplemented from time to time; provided, however, that from and after the Superior Release Effective Date, in accordance with the Fourth Amendment, the Superior LLC Pledge Instruments shall no longer thereafter be deemed to constitute either Security Instruments or Loan Documents for all intent and purposes of this Agreement and the other Loan Documents.

"Material Adverse Effect" means a material adverse effect on (i) the business, Property, condition (financial or otherwise), or results of operations of the Credit Parties taken as a whole (taking into account the present value of any indemnification in favor of the Borrowers or any applicable insurance coverage), (ii) the ability of any of the Borrowers to perform their obligations under the Loan Documents, or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Administrative Agent, the LC Issuer or the Lenders under the Loan Documents.

"Material Domestic Subsidiary" means any Material Subsidiary that is a Domestic Subsidiary.

"Material Indebtedness" means Indebtedness of any Credit Party in an outstanding principal amount of \$25,000,000 or more (or its equivalent in any currency other than U.S. dollars).

"Material Indebtedness Agreement" means any agreement under which any Material Indebtedness was created, is governed, or which provides for the incurrence of Indebtedness in an amount which would constitute Material Indebtedness (whether or not an amount of Indebtedness constituting Material Indebtedness is outstanding thereunder).

"Material Subsidiary" means a Subsidiary of any of the Borrowers having (i) at least ten percent (10%) of the consolidated total assets of the Borrowers and their Subsidiaries (determined as of the last day of the most recent fiscal quarter of the Borrowers) or (ii) at least ten percent (10%) of the consolidated revenues of the Borrowers and their Subsidiaries for the fiscal year of Unit then most recently ended. For purposes of this Agreement, the term "Material Subsidiary" shall not include a Borrower.

"Materials of Environmental Concern" means any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, or pollutants, defined or regulated as such in or under any Environmental Law, including asbestos, polychlorinated biphenyls, urea formaldehyde insulation, coal combustion byproducts or waste, boiler slag, scrubber residue, or flue desulphurization residue or

comparable or similar products, substances or materials (whether liquid, solid, gaseous or otherwise).

"Maximum Credit Amount" means, as to each Lender, the amount set forth opposite such Lender's name on **Schedule 2** attached hereto under the caption "Maximum Credit Amounts", as the same may be modified or terminated from time to time pursuant to this Agreement, and which shall constitute the maximum amount of Credit Extensions to prospectively be made available to the Borrowers under Article 2 from each such Lender.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means each mortgage, deed of trust or any other document creating and evidencing a Lien on real or immovable Property and other Property (including any Oil and Gas Property that constitutes real property) in favor of the Administrative Agent (on behalf of the Lenders), which shall be in a form reasonably satisfactory to the Administrative Agent, as the same may be amended, modified, supplemented or restated from time to time in accordance with the Loan Documents.

"Multiemployer Plan" means a Plan under which the Borrowers or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"Net Cash Proceeds" means in connection with any issuance or sale of equity interests or indebtedness securities or instruments or the incurrence of loans, the cash proceeds received from such issuance or incurrence, net of attorneys' fees, investment banking fees, accountants' fees, underwriting discounts and commissions and other customary fees and expenses actually incurred in connection with such issuances or sales.

"Note" means each promissory note made, jointly and severally, by the Borrowers payable to the order of a Lender in substantially the same form as **Exhibit A**, evidencing indebtedness of the Borrowers to such Lender, as any of the foregoing may be amended, amended and restated, modified, replaced, rearranged, consolidated, renewed, extended or otherwise supplemented from time to time (collectively, the "Notes").

"Notes Indenture Additional Parties" means, only for so long as any notes issued pursuant to the Permitted Existing Indenture remain outstanding (not including any refinancing or replacement thereof or any Permitted Refinancing Notes), those Subsidiaries of the Credit Parties that are signatories to, or obligors respecting, the Permitted Existing Indenture in their capacities as either direct, primary obligors (as the borrowers) under the Permitted Subordinated Notes issued thereunder, or are guarantors thereof, but that are not Credit Parties under this Agreement (consisting, as of the Fifth Amendment Effective Date, of Petroleum Supply Company, Unit Drilling and Exploration Company, Unit Texas Company, Unit Drilling USA Columbia, L.L.C., Unit Drilling Columbia, L.L.C., and 8200 Unit Drive, L.L.C.).

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all LC Obligations (including all Reimbursement Obligations), all Rate Management Obligations under Financial Contracts with any Lender or any Lender Counterparty (or a Person who was a Lender or a Lender Counterparty at the time such Financial Contract was entered into), all accrued and unpaid fees and all expenses, reimbursements, indemnities and other

obligations of the Borrowers to the Lenders or to any Lender, the Administrative Agent, the LC Issuer, or any indemnified party arising under the Loan Documents, including all treasury and treasury related services; provided that the "Obligations" shall exclude any Excluded Swap Obligations.

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Oil and Gas Properties" means all Hydrocarbon Interests from time to time owned by any Credit Party or in which one of the Credit Parties has an interest, including without limitation, (i) Property now or hereafter pooled or unitized with the Hydrocarbon Interests, (ii) all presently existing or future unitization, pooling agreements and declarations of pooled units and the units created in connection therewith (including without limitation all units created under orders, regulations and rules of any Governmental Authority) which may affect all or any portion of the Hydrocarbon Interests, (iii) all operating agreements, contracts and other agreements which relate to any Hydrocarbon Interests or the production, sale, purchase, exchange or processing of Hydrocarbons from or attributable to that Hydrocarbon Interests, (iv) all Hydrocarbons in and under and which may be produced and saved or attributable to the Hydrocarbon Interests, including as-extracted collateral and all oil in tanks and all rents, issues, profits, proceeds, products, revenues and other incomes from or attributable to the Hydrocarbon Interests, (v) all tenements, hereditaments, appurtenances and Property in any manner appertaining, belonging, affixed or incidental to the Hydrocarbon Interests, (vi) and all Property, rights, titles, interests and estates described or referred to above, including any and all Property (real or personal) now owned or hereafter acquired and situated on, used, held for use or useful in connection with the operating, working or development of any of the Hydrocarbon Interests or Property (excluding drilling rigs, automotive equipment or other personal property which may be on the premises for the purpose of drilling a well or for other similar temporary uses), and (vii) any and all oil wells, gas wells, injection wells or other wells, buildings, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements and servitudes together with all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing, in each case limited to the interest of the applicable Credit Party in those assets.

"Other Taxes" means any present or future stamp or documentary Taxes, and any other excise or property Taxes which arise because of any payment made under this Agreement, any Note, LC Application or from the signing or delivery of or otherwise with this Agreement, any Note, or LC Application.

"Outstanding Credit Exposure" means, as to any Lender at any time, the sum of (i) the total principal amount of its then outstanding Loans, plus (ii) an amount equal to its Pro Rata Share of the LC Obligations at that time.

"Patriot Act" has the meaning assigned thereto in Section 15.4.

"Payment Date" means the day prescribed in Section 2.16 for payment of Eurodollar Loans and Floating Rate Loans respectively.

"PBGC" means the Pension Benefit Guaranty Corporation.

"PDP PW8" means the total value, discounted at the present worth of eight percent (8%) thereof, of the Borrowers' and their Subsidiaries' proved developed producing Oil and Gas Properties evaluated in the most recently completed reserve report or engineering report (as applicable), after giving effect to exploration and production activities, acquisitions, dispositions and production, all as determined by Administrative Agent in accordance with Administrative Agent's then-current practices, economic and pricing parameters, methodology, assumptions, and prudent oil and gas banking industry standards established by Administrative Agent from time to time for its petroleum industry customers.

"Permitted Encumbrances" means any Lien permitted by Section 7.6.

"Permitted Existing Indenture" means the Indenture dated as of May 18, 2011 between Unit and Wilmington Trust FSE and the First Supplemental Indenture dated as of May 18, 2011 by and among Unit, the Subsidiary Guarantors (as therein defined) party thereto and Wilmington Trust FSB, as amended, supplemented or otherwise modified from time to time in accordance with the applicable terms, conditions, limitations and restrictions as set forth in this Agreement (as the same may be amended, modified or supplemented in accordance herewith).

"Permitted Refinancing Notes" has the meaning assigned thereto in Section 2.6.8.

"Permitted Senior Notes" means unsubordinated (i.e., pari passu in right of payment with the Obligations), unsecured notes issued by Unit pursuant to a Permitted Senior Notes Indenture, and provided that such notes and the Indebtedness arising thereunder complies with all of the applicable terms, conditions, restrictions and limitations with respect thereto as are set forth in this Agreement, including Section 7.2(ix) (as the same may be amended, modified or supplemented in accordance herewith).

"Permitted Senior Notes Indenture" means any indenture governing the Permitted Senior Notes that complies with applicable terms, conditions, restrictions and limitations with respect thereto as are set forth in this Agreement (as the same may be amended, modified or supplemented in accordance herewith); as any such indenture may itself be amended, supplemented or otherwise modified from time to time in accordance herewith.

"Permitted Subordinated Notes" means unsecured notes issued by Unit that are subordinated in right of payment to the Obligations issued pursuant to a Permitted Subordinated Notes Indenture, and any other Subordinated Debt that complies with all of the applicable terms, conditions, restrictions and limitations with respect thereto as are set forth in this Agreement, including Section 7.2(ix) (as the same may be amended, modified or supplemented in accordance herewith).

"Permitted Subordinated Notes Indenture" means any indenture governing the Permitted Subordinated Notes that (i) contains subordination terms and conditions substantially similar (as determined by Administrative Agent in its sole discretion) to those set forth within the Permitted Existing Indenture or otherwise reasonably acceptable to the Administrative Agent, and (ii) complies with the applicable terms, conditions, restrictions and limitations with respect thereto as are set forth in this Agreement (as the same may be amended, modified or supplemented in

accordance herewith); as any such indenture may itself be amended, supplemented or otherwise modified from time to time in accordance herewith.

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any of their agencies, departments, or instrumentalities.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrowers or any member of the Controlled Group may have any liability.

"Pledge Agreement" means that certain Pledge Agreement executed and delivered by Unit effective as of the date of the Third Amendment, as the same shall be deemed to have been terminated and released in accordance with the Fourth Amendment, effective as of the occurrence of the Superior Release Effective Date (if any) in accordance with the Fourth Amendment.

"Pricing Schedule" means **Schedule 1** attached hereto.

"Prime Rate" means, as of any date, the annual rate published in the "Bonds, Rates and Yields" column of The Wall Street Journal (Southwest Edition) as the prime rate, which rate will not necessarily be the "best" or lowest rate quoted or used from time to time by a Lender or the Lenders. Borrowers acknowledge and agree that the Lenders may make loans based on other rates or indices as well. Should that reference to such prime rate become unavailable during the term of the Loans or by Financial Contracts or should The Wall Street Journal otherwise cease to publish or quote a prime or base rate, or should The Wall Street Journal be merged, consolidated, liquidated or dissolved in a manner that it loses its separate identity, then the Prime Rate will be a substitute index selected and designated by the Administrative Agent following notice to Unit. Any change in the Prime Rate shall be effective as of the date of the change but the Prime Rate will not change more often than once each day. Under no circumstances will the interest rate on the Notes be more than the Highest Lawful Rate.

"Pro Rata Share" means, with respect to a Lender, a portion equal to a fraction the numerator of which is that Lender's Elected Commitment and the denominator of which is the Aggregate Elected Commitment Amounts; provided, in the case of Section 2.20 when a Defaulting Lender shall exist, "Pro Rata Share" means, (a) for any Defaulting Lender, zero percent (0%) and (b) for any Lender other than a Defaulting Lender, the percentage of the Aggregate Elected Commitment Amounts (disregarding any Defaulting Lender's Elected Commitment) represented by that Lender's Elected Commitment. If the Aggregate Elected Commitment Amounts have terminated or expired, the Pro Rata Share will be determined upon the Aggregate Elected Commitment Amounts most recently in effect, giving effect to any assignments and to any Lender's status as a Defaulting Lender.

"Property" of a Person means any interest of that Person in any kind of property, whether real, personal, tangible, intangible, or mixed, of that Person, or other assets owned, leased or operated by that Person.

"Qualified ECP Guarantor" means, in respect of any Rate Management Obligations, at any time, each Credit Party, with total assets exceeding \$10,000,000 or that qualifies at such time as an "eligible contract participant" under the Commodity Exchange Act and can cause another person to qualify as an "eligible contract participant" at such time under §1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Qualified Equity Interests" means any Equity Interest that is not Disqualified Stock.

"Rate Management Obligations" of a Person means all obligations of that Person, whether absolute or contingent and regardless of how or when created, arising, evidenced or acquired (including all renewals, extensions, supplements, replacements, modifications, and substitutions of those obligations) under (i) all Financial Contracts, including Rate Management Transactions and (ii) all cancellations, buy backs, reversals, terminations or assignments of any Financial Contracts, including Rate Management Transactions.

"Rate Management Transaction" means any transaction (including an agreement pertaining to that transaction) now existing or hereafter entered by one or more Borrowers which is a rate swap, basis swap, hedge, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction or price/commodity protection device (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices, or other financial measures. However, a "Rate Management Transaction" will not include any contract for the purchase and sale of natural gas, oil or natural gas liquids entered into in the ordinary course of business and on customary trade terms.

"Ratings Requirement" means Unit's unsecured corporate rating is (i) BBB- or better with respect to any rating issued by S&P (without negative outlook or negative watch), or (ii) Baa3 or better with respect to any rating issued by Moody's (without negative outlook or negative watch), provided, if Unit only satisfies one of the ratings set forth above, Unit shall still be deemed to have satisfied the Ratings Requirement so long as Unit satisfies one of the two ratings above and has an unsecured corporate rating of at least (x) BB+ with respect to S&P (without negative outlook or negative watch), if Unit otherwise satisfies the rating set forth in clause (ii) above and (y) Ba1 with respect to Moody's (without negative outlook or negative watch), if Unit otherwise satisfies the rating set forth in clause (i) above.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System and any successor or other regulation or official interpretation of the Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System and any successor or other regulation or official interpretation of the Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reimbursement Obligations" means the total of all obligations of the Borrowers under Section 2.19 to reimburse the LC Issuer for amounts paid by the LC Issuer for any one or more drawings under Letters of Credit.

"Replacement Rate" has the meaning assigned to it in Section 3.4(ii).

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA, for which the notice requirements to the PBGC have not been waived. A failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA will be a Reportable Event.

"Required Lenders" means those Lenders having in total at least 66.67% of the Aggregate Elected Commitment Amounts or, if the Aggregate Elected Commitment Amounts have been terminated, those Lenders having in total at least two-thirds (66.67%) of the Total Outstanding Credit Exposure.

"Reserve Requirement" means, with respect to an Interest Period, the maximum total reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Sanctioned Country" means a country subject to a comprehensive country-wide sanctions program administered and enforced by OFAC, which countries are, as of the effectiveness of the Second Amendment, limited to Cuba, Iran, North Korea, Sudan and Syria.

"Sanctioned Person" means (a) a Person named on the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC available at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time, (b) a Person named on the lists maintained by the United Nations Security Council available at http://www.un.org/sc/committees/list_compends.shtml, or as otherwise published from time to time, (c) a Person named on the lists maintained by the European Union available at http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm, or as otherwise published from time to time, (d) a Person named on the lists maintained by Her Majesty's Treasury available at http://www.hm-treasury.gov.uk/fin_sanctions_index.htm, or as otherwise published from time to time, or (e) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a Person resident in a Sanctioned Country, to the extent any Person described in clauses (i), (ii) or (iii) is the subject of a sanctions program administered by OFAC.

"Sanctions" means, collectively, economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) any U.S. Governmental Authority, including, without limitation, those administered by the OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty's Treasury of the United Kingdom; in each such case, as amended, supplemented or substituted from time to time.

"Scheduled Facility Termination Date" shall have the meaning ascribed thereto within the definition of Facility Termination Date.

"Scheduled Redetermination" means any redetermination of the Borrowing Base under Section 2.6.3.

"SEC" means the Securities and Exchange Commission.

"Second Amendment" means the Second Amendment and Consent to Senior Credit Agreement dated as of April 10, 2015, among the Borrowers, the Administrative Agent and the Lenders party thereto.

"Security Instruments" mean, collectively, each Mortgage, the 2018 Superior Pledge Instruments, and all other agreements, instruments, consents and certificates now or hereafter executed and delivered by any Credit Party or other Person as security for the payment or performance of the Obligations, as any of the foregoing may be amended, modified, restated or replaced from time to time (excluding, from and after the Superior Release Effective Date, the Superior LLC Pledge Instruments).

"Single Employer Plan" means a Plan maintained by the Borrowers or any member of the Controlled Group for employees of the Borrowers or any member of the Controlled Group.

"SPC Midstream Operating" means SPC Midstream Operating, L.L.C., an Oklahoma limited liability company, a Wholly-Owned Subsidiary of Unit and an Unrestricted Subsidiary hereunder, whose sole asset is, and even after the Superior Release Effective Date shall remain, a management contract with Superior pursuant to which Superior shall be operated after the Superior Release Effective Date.

"Special Redetermination" means any redetermination of the Borrowing Base under Section 2.6.5 or 2.6.6.

"Specified Loan Party" means any Credit Party that is not an "eligible contract participant" under the Commodity Exchange Act (determined prior to giving effect to Section 12.20).

"Subordinated Debt" means (i) the Permitted Subordinated Notes, and (ii) all other Indebtedness which is contractually subordinated in right of payment, collection, enforcement and lien rights to the prior payment in full of the Obligations on terms satisfactory to Administrative Agent, and includes Indebtedness in the form of subordinated convertible debentures or subordinated promissory notes.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which will at the time be owned or controlled, directly or indirectly, by that Person or by one or more of their Subsidiaries or by that Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which will at the time be so owned or controlled, provided that any associations, joint ventures or other relationships (a) which are established under a standard form

operating agreement or similar agreement or which are partnerships for purposes of federal income taxation only, (b) which are not corporations or partnerships (or subject to the Uniform Partnership Act) under applicable state law, and (c) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties and interests owned directly by the parties in those associations, joint ventures or relationships, will not be deemed to be "Subsidiaries" of that Person. Unless otherwise expressly provided, all references in this Agreement to a "Subsidiary" will mean a Subsidiary of any of the Credit Parties. From and after the Superior Release Effective Date, the Unrestricted Subsidiaries shall not be deemed to constitute Subsidiaries for any purposes of this Agreement and the other Loan Documents, other than for the limited purposes of Section 6.10 and Section 7.14, respectively, hereof.

"Subsidiary Guarantor" means each present or future Material Domestic Subsidiary and each other Subsidiary that becomes a party to any Subsidiary Guaranty.

"Subsidiary Guaranty" means any Guaranty Agreement, substantially in the form of Exhibit E to be executed on behalf of each Subsidiary Guarantor in favor of the Administrative Agent for the ratable benefit of the Lenders, for the Obligations of the Borrowers under this Agreement.

"Subsidiary Guaranty Joinder Agreement" means the Joinder Agreement, substantially in the form of Schedule 1 to any Subsidiary Guaranty, to be executed and delivered by each new Subsidiary Guarantor in accordance with the provisions of Section 9.1.

"Superior" has the meaning ascribed thereto in the Fourth Amendment. For the avoidance of doubt, said meaning shall be deemed to include all of those certain entities expressly released by the Lenders pursuant to the Superior Release, including Superior App, Superior TX, Superior LLC and each such Person's respective Subsidiaries, including Preston County Gathering, L.L.C.).

"Superior App" has the meaning ascribed thereto in the Fourth Amendment.

"Superior LLC" means SUPERIOR PIPELINE COMPANY, L.L.C., a Delaware limited liability company (formerly Oklahoma limited liability company).

"Superior LLC Pledge Instruments" has the meaning ascribed thereto in the Fourth Amendment.

"Superior Release" has the meaning ascribed thereto in Recital E of this Agreement.

"Superior Release Effective Date" has the meaning ascribed thereto in the Fourth Amendment.

"Superior Sale" has the meaning ascribed thereto in Recital E of this Agreement.

"Superior Sale Effective Date" has the meaning ascribed thereto in the Fourth Amendment.

"Superior Sale Net Proceeds" has the meaning ascribed thereto in Recital E of this Agreement.

"Superior Sale Paydown Conditions" has the meaning ascribed thereto in Recital E of this Agreement.

"Superior TX" has the meaning ascribed thereto in the Fourth Amendment.

"Superior UCCs" has the meaning ascribed thereto in the Fourth Amendment.

"Taxes" means all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing.

"Third Amendment" means the Third Amendment to Senior Credit Agreement dated as of April 8, 2016, among the Borrowers, the Administrative Agent and the Lenders party thereto.

"Total Outstanding Credit Exposure" means the total of the Outstanding Credit Exposure of all the Lenders.

"Unfunded Liabilities" means that amount by which the present value of all vested and unvested accrued benefits under all Single Employer Plans exceeds the fair market value of those Plans' assets allocable to those benefits, all determined as of the most recent valuation date for those Plans using PBGC actuarial assumptions for single employer plan terminations.

"Unit" has the meaning ascribed thereto in the introductory paragraph of this Agreement.

"Unit Drilling" has the meaning ascribed thereto in the introductory paragraph of this Agreement.

"Unit Petroleum" has the meaning ascribed thereto in the introductory paragraph of this Agreement.

"Unrestricted Subsidiaries" means, collectively, from and after the Superior Release Effective Date, the following Persons (each, an "Unrestricted Subsidiary"): (i) Superior App; (ii) Superior LLC; (iii) Superior TX; (iv) SPC Midstream Operating; and (v) their respective subsidiaries.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the outstanding voting securities of which are owned or controlled, directly or indirectly, by that Person or one or more Wholly-Owned Subsidiaries of that Person, or by that Person and one or more Wholly-Owned Subsidiaries of that Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which will at the time be so owned or controlled.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

The above definitions will be equally applicable to both the singular and plural forms of the defined terms.

1.2 Exhibits and Schedules; Additional Definitions All Exhibits and Schedules attached to this Agreement are a part of this Agreement for all purposes. Unless the context otherwise requires or unless otherwise provided in this Agreement the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of that agreement, instrument or document, provided that nothing in this section will be construed to authorize any such renewal, extension, modification, amendment or restatement.

1.3 Reference and Titles. All references in this Agreement to Exhibits, Schedules, articles, sections, subsections and other subdivisions refer to the Exhibits, Schedules, articles, sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Exhibits and Schedules to any Loan Document are incorporated by reference into the Loan Document. References to any document, instrument, or agreement (a) will include all exhibits, schedules, and other attachments thereto, and (b) will include all documents, instruments, or agreements issued or executed in replacement or restatement thereof. Titles appearing at the beginning of any subdivisions are for convenience only and do not constitute any part of the subdivisions and will be disregarded in construing the language contained in the subdivisions. The words "this Agreement," "this instrument," "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "include", "includes" and "including" will be deemed to be followed by the phrase "without limitation". The phrases "this section" and "this subsection" and similar phrases refer only to the sections or subsections in which these phrases occur. Pronouns in masculine, feminine and neuter genders will be construed to include any other gender, and words in singular form will be construed to include the plural and vice versa, unless the context otherwise requires.

1.4 Accounting Terms and Determinations. Except only as otherwise expressly provided in this Agreement (including in the definition of GAAP), all accounting terms will be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Administrative Agent or the Lenders under this Agreement shall be prepared in accordance with GAAP, as applied on a consistent basis. References to "days" will mean calendar days, unless the term "Business Day" is used. Unless otherwise specified, references to any particular Person also refer to its successors and permitted assigns. If the Borrowers notify the Administrative Agent that the Borrowers request an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such

provision amended in accordance herewith. To avoid any confusion, if a change in GAAP, such as changes to lease accounting rules, occurring after the Effective Date hereof, affects in any way the calculation of any material terms or covenants hereunder, such terms or covenants will continue to be governed on the basis of GAAP as in effect and applied immediately before such change upon and following such notification contemplated above from the Borrower.

1.5 Calculations and Determinations. All calculations under the Loan Documents of interest and fees will be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 360 days except only for interest accruals on Floating Rate Loans which will be based on the number of days lapsed in a 365-366 day year.

1.6 Joint Preparation; Construction of Indemnities and Releases The Loan Documents have been reviewed and negotiated by sophisticated parties with access to legal counsel and no rule of construction will apply which would require or allow any Loan Document to be construed against any party because of its role in drafting that Loan Document. All indemnification and release provisions of this Agreement will be construed broadly (and not narrowly) in favor of the Persons receiving indemnification or being released.

ARTICLE 2 THE CREDITS

2.1 Elected Commitments; Aggregate Elected Commitment Amounts; Aggregate Maximum Credit Amounts From and including the Fifth Amendment Effective Date and up to the Facility Termination Date, each Lender severally agrees, on the terms and conditions of this Agreement, to (i) make Loans to the Borrowers and (ii) participate in Letters of Credit issued on the request of the Borrowers; provided that, after giving effect to the making of each such Loan and the issuance of each such Letter of Credit, such Lender's Outstanding Credit Exposure does not exceed its Elected Commitment, and the Total Outstanding Credit Exposure does not exceed the Aggregate Elected Commitment Amounts. Subject to the terms of this Agreement, Unit, as the designated borrowing agent on behalf of all of the Borrowers, may borrow, repay and re-borrow at any time before the Facility Termination Date. Each Lender's Elected Commitment will expire on the Facility Termination Date. The LC Issuer will issue Letters of Credit on the terms and conditions set forth in Section 2.19. As of the Fifth Amendment Effective Date, and until, but excluding, the next Determination Date: (a) the Aggregate Elected Commitment Amounts are \$425,000,000.00; and (b) the Aggregate Maximum Credit Amounts are \$1,000,000,000.00. Any increases in the Aggregate Elected Commitment Amounts will be subject to and in accordance with Section 14.6, any increase in the Aggregate Maximum Credit Amounts requires the written consent of all Lenders, and any increase to the Elected Commitment amount or the Pro Rata Share or the Maximum Credit Amount, respectively, of any Lender requires the consent of such Lender.

2.2 Minimum Amount of Each Advance. Each Eurodollar Advance will be in the minimum amount of \$2,000,000 (and in additional multiples of \$1,000,000), and each Floating Rate Advance will be in the minimum amount of \$200,000 (and in additional multiples of \$100,000), provided, that any Floating Rate Advance may be in the amount of the Available Total Commitment.

2.3 Ratable Loan. The Lenders will make each Advance according to their Pro Rata Shares.

2.4 Types of Advances. The Advances may be Floating Rate Advances or Eurodollar Advances, or a combination thereof. Unit will select advances on behalf of the Borrowers in accordance with Sections 2.9 and 2.10.

2.5 Facility Fee; Commitment Fee; Late Fees; Agency and Other Fees.

2.5.1. Facility Fee. Borrowers will pay to the Administrative Agent for the benefit of the Lenders a fully earned and non-refundable upfront facility fee calculated by the respective invited/solicited commitment levels tendered to each Lender, as provided in the Fee Letter. Any increases in the Aggregate Elected Commitment Amounts above the amounts designated in Section 2.1 will be contingent on the Borrowers' payment of an applicable market rate facility fee on the amount of the increase(s) to Administrative Agent for the benefit of the Lenders increasing its or their Elected Commitments or on the Elected Commitment(s) of any Additional Lender(s) under Section 14.6.

2.5.2. Commitment Fee. The Borrowers shall pay the Administrative Agent for the Pro Rata Share of each Lender a commitment fee equal to the per annum Commitment Fee Rate (as set forth on the Pricing Schedule) times the average daily amount of the Available Total Commitment from the date of this Agreement through the Facility Termination Date. Accrued commitment fees are payable in arrears within 10 days of Unit's receipt of the quarterly invoice from the Administrative Agent following the close of each calendar quarter and on the Facility Termination Date. All accrued commitment fees are payable on the effective date of any termination of the Aggregate Elected Commitment Amounts of the Lenders.

2.5.3. Late Fees. To the extent any payment due under a Loan Document is not paid within ten (10) calendar days of its scheduled due date, then, in addition to any interest (accrued at the contract rate of the Notes and prior to imposition of the default rate pursuant to Section 2.12) or other fees and charges due, Borrowers will pay to the Administrative Agent for the allocable benefit of the Lenders a late fee equal to five percent (5.0%) of the amount of the payment that was required to have been made.

2.5.4. Agency and Other Fees. Borrowers will pay agency and other fees to the Administrative Agent in the amounts and on the terms agreed to in writing between the Administrative Agent and the Borrowers.

2.6 Borrowing Base.

2.6.1. Subject to the terms, provisions, and limitations of this Agreement, as of the Fifth Amendment Effective Date, and until, but excluding, the next Determination Date, the Borrowing Base is \$425,000,000.00, subject, however, to all applicable terms, conditions and limitations as set forth in this Agreement. The Borrowing Base is based on (i) the loan value which the Lenders assign to the various Credit Parties' Oil and Gas Properties being evaluated, and (ii) any other credit factors (including without limitation the assets, liabilities, cash flow, hedged and unhedged exposure to price, foreign

exchange rate, and interest rate changes, business, properties, prospects, management and ownership of Credit Parties) as the Lenders deem significant. The Lenders and the Administrative Agent have no obligation to agree on or designate the Borrowing Base at any particular amount, whether in relation to the Aggregate Elected Commitment Amounts or otherwise.

2.6.2. On March 1 and September 1 of each year, beginning March 1, 2019, Unit will furnish to each Lender the information Administrative Agent has then requested concerning the Credit Parties' businesses and properties (including the information specified in Sections 6.1(vii), (viii) and (ix)).

2.6.3. Starting no later than April 1, 2019 and no later than each following April 1st and October 1st, the Borrowing Base will be determined in accordance with the following procedure:

- (a) The Administrative Agent will submit in writing to the Lenders its proposed Borrowing Base amount. In no event shall any proposed Borrowing Base exceed the Aggregate Maximum Credit Amounts;
- (b) Each Lender will have ten (10) Business Days to notify the Administrative Agent in writing if it agrees or disagrees with the proposed amount; provided, however, no increase in the Borrowing Base will become effective unless approved in writing by all Lenders. If, within the time set out in the preceding sentence,
 - (1) All Lenders agree, then the new Borrowing Base will be the amount proposed by the Administrative Agent (which shall be deemed to include any Lender that has not timely notified Administrative Agent in writing of its approval or disapproval, such silence being deemed to be an approval of the proposed Borrowing Base amount by the silent (non responding) Lender); or
 - (2) (i) Not all Lenders agree with the proposal of the Administrative Agent, or (ii) if the Aggregate Elected Commitment Amounts have been terminated or have expired and the Required Lenders have not affirmatively approved the Administrative Agent's proposal with respect to a decrease in, or maintenance of, the Borrowing Base, then the Administrative Agent and the Required Lenders will, within five (5) Business Days, diligently attempt in good faith to agree on a Borrowing Base amount. If agreement is reached then the amount determined by the Administrative Agent and the Required Lenders will be the Borrowing Base amount; or
 - (3) The Administrative Agent and the Required Lenders cannot agree on the amount of the Borrowing Base within the five (5) Business Day period, then the proposed Borrowing Base will be the amount calculated by the Administrative Agent as the "weighted arithmetic

average” of the Borrowing Base as determined by each individual Lender and communicated to the Administrative Agent in writing. For purposes of this paragraph, the "weighted arithmetic average” of the Borrowing Base will be determined by first multiplying the Borrowing Base proposed in writing to the Administrative Agent by each Lender’s Pro Rata Share, and then adding the results of each calculation, with the Borrowing Base then being the lesser of (i) the resulting weighted arithmetic average amount, or (ii) the amount of the Borrowing Base as last determined under this Agreement.

(c) The Administrative Agent will then promptly notify Unit in writing of the new Borrowing Base amount. The amount of the Borrowing Base subject to the Administrative Agent’s notice will be effective as of the date the notice is sent to Unit (a "Determination Date") unless, within five (5) Business Days following receipt of the Administrative Agent’s notice, Unit designates in writing a lesser amount in which case the lesser amount designated by Unit will be the Borrowing Base amount effective when the Administrative Agent receives Unit’s written designation.

2.6.4. If Unit does not timely furnish all the information requested by the Administrative Agent in subsection 2.6.2, Administrative Agent may designate the Borrowing Base at any amount the Lenders or the Required Lenders, as applicable, reasonably determine (and may redetermine the Borrowing Base from time to time) until each Lender receives all the requested information. Once the Lenders have received all the requested information, Lenders or the Required Lenders, as applicable, in their discretion, will designate a new Borrowing Base under the procedures in subsection 2.6.3.

2.6.5. In addition to Scheduled Redeterminations, the Required Lenders are permitted to make a Special Redetermination of the Borrowing Base once between each Determination Date by notifying the Administrative Agent and Borrowers. Any Special Redetermination by the Required Lenders shall be in addition to any reduction of the Borrowing Base by the Required Lenders under Section 7.4(iv).

2.6.6. In addition to Scheduled Redeterminations, any other Special Redeterminations pursuant to Section 2.6.5 and the voluntary Aggregate Elected Commitment Amounts reduction pursuant to Section 2.8.3, Unit may request a Special Redetermination of the Borrowing Base once between each Scheduled Redetermination. In addition, Unit may request Special Determinations from time to time as significant developments, exploration or Acquisition opportunities are presented to Borrowers. Borrower shall deliver written notice of such Special Redetermination request to the Administrative Agent which shall include (i) a reserve report or engineering report prepared as of a date not more than 30 days prior to such request, and (ii) the amount of the Borrowing Base requested by Unit and the date on which Unit requests such redetermined Borrowing Base to be effective. Upon receipt of the reserve report or engineering report, the Administrative Agent shall, subject to approval of the Required Lenders, or all Lenders in the event of a proposed increase in the Borrowing Base,

redetermine the Borrowing Base in accordance with the calculation procedures of Section 2.6.3(a), (b) and (c), provided that the Administrative Agent and the Lenders shall have thirty (30) days from Administrative Agent's receipt of the information requested of Unit under clauses (i) and (ii) above to agree with the Lenders on the redetermined amount of the Borrowing Base and so notify Unit in writing.

2.6.7. If at any time, the Total Outstanding Credit Exposure exceeds the lesser of (i) the Borrowing Base, or (ii) the Aggregate Elected Commitment Amounts (a "**Deficiency**") because of a reduction in the Borrowing Base resulting from a redetermination in accordance with this Section 2.6 (excluding Section 2.6.8), Administrative Agent will notify Unit in writing of the Deficiency and within ten (10) days from the date of that deficiency notice, Unit will elect one of the following options:

(a) To prepay the Loans in an amount equal to or more than the Deficiency;

(b) Dedicate to this Agreement (including the negative pledge provision of Section 7.12) other Oil and Gas Properties or assets acceptable to the Administrative Agent and the Required Lenders that are not then included in the Borrowing Base that are of a value, as determined by the Administrative Agent and the Required Lenders, such that the Outstanding Credit Exposure does not exceed the Borrowing Base (as adjusted to include the values of the additional Oil and Gas Properties and/or midstream assets);

(c) To prepay the amount of the Deficiency over six (6) equal monthly payments; or

(d) Any combination of the above.

If Unit elects to (i) prepay the Loans under clause (a) or (ii) commence monthly principal payments under clause (c), the prepayment or first monthly payment, as applicable, will be due within twenty (20) days after the date of Unit's timely election. The prepayment or monthly principal payments will be applied in reduction of the principal balance of the Loans. If Unit elects to commit Oil and Gas Properties under clause (b) above, the Borrowers will provide the Administrative Agent with descriptions of the Oil and Gas Properties or other approved assets (together with any applicable current valuations and engineering reports which may be requested by the Administrative Agent).

2.6.8. Except to the extent expressly provided for in the last sentence of this Section 2.6.8, the Borrowing Base shall be automatically reduced if and to the extent a Borrower issues or incurs Indebtedness (other than any Obligations) as follows: (i) a dollar (\$1.00) for dollar (\$1.00) reduction if such Indebtedness is on a *pari passu* basis in right of payment with the Obligations; or (ii) a twenty five cents (\$0.25) reduction for each one dollar (\$1.00) of such Indebtedness which constitutes Subordinated Debt relative to the Obligations (including such Subordinated Debt convertible to Equity Interests in any Credit Party); provided that the issuance or incurrence of any such

Indebtedness as described in this Section 2.6.8 is otherwise done in compliance with all applicable terms, conditions, restrictions and limitations as set forth in this Agreement with respect thereto, including Section 7.2(ix). Notwithstanding the foregoing, pursuant to the Fifth Amendment, the Indebtedness arising out of the initial issuance of the Permitted Senior Notes after the Fifth Amendment Effective Date, but in any event, on or before November 15, 2020, (such notes the "Initial Permitted Senior Notes") and any Indebtedness incurred pursuant to clause (c) of Section 7.2(ix) in respect of the Initial Permitted Senior Notes (the "Permitted Refinancing Notes"), shall be excluded from the application of this Section 2.6.8, and no Borrowing Base reduction will occur as a result of such issuance; provided, however, that each subsequent issuance, incurrence, refinancing, renewal, defeasance, refund or redemption (excluding, for the avoidance of doubt, redemptions permitted under the terms and conditions of Section 7.13(i)) of any portion of the Indebtedness under the Permitted Senior Notes occurring after such initial issuance, other than any Permitted Refinancing Notes, shall be subject to the application of clause (i) or (ii) of this Section 2.6.8, and the Borrowing Base shall be reduced accordingly upon any such subsequent event; provided, further, however, that each issuance, incurrence, refinancing, renewal, replacement, defeasance, refund or redemption (excluding, for the avoidance of doubt, redemptions permitted under the terms and conditions of Section 7.13(i)) of any portion of the Indebtedness under the Permitted Senior Notes (including the Initial Permitted Senior Notes) shall also, in all events, be subject to and comply with, all other applicable terms, conditions, restrictions and limitations as set forth in this Agreement with respect thereto.

2.6.9. Unit may, from time to time upon ten (10) days prior written notice to the Administrative Agent, reduce the Borrowing Base by designating a Borrowing Base which is lower than the Borrowing Base then in effect. Any such designation by Unit shall be effective on the tenth (10th) day following the date of the Administrative Agent's receipt of such written notice.

2.6.10. Notwithstanding any of the foregoing, upon any redetermination or other adjustment in the Borrowing Base pursuant to this Agreement that would otherwise result in the Borrowing Base becoming less than the Aggregate Elected Commitment Amounts, the Aggregate Elected Commitment Amounts shall be automatically reduced (ratably among the Lenders in accordance with each Lender's Pro Rata Share) so that they equal such redetermined Borrowing Base (and Schedule 2 shall be deemed amended to reflect such amendments to each Lender's Elected Commitment amount to the Aggregate Elected Commitment Amounts accordingly), and the Administrative Agent will reflect such revisions on Schedule 2 and forward a copy of such revised Schedule 2 to the Borrower, the LC Issuer and each Lender.

2.7 Repayment of Loans; Evidence of Loans.

2.7.1. Borrowers hereby unconditionally and jointly and severally promise to pay to the Administrative Agent, for the account of each Lender, on the Facility Termination Date, the then unpaid principal amount of all Loans made to them. Borrowers agree to repay the principal amount of each Loan made to them and the interest accrued thereon in U.S. dollars.

2.7.2. Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of Borrowers to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

2.7.3. The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the type and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrowers to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's Pro Rata Share thereof.

2.7.4. The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Credit Parties to repay the Loans in accordance with the terms of this Agreement.

2.7.5. Any Lender may request that Loans made by it be evidenced by a promissory note in an amount equal to its Maximum Credit Amount. In such event, the Borrowers shall prepare, jointly execute and deliver to the order of such Lender one or more promissory notes payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note(s) and interest thereon shall at all times (including after assignment pursuant to Section 14.3) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if a promissory note is a registered note, to such payee and its registered assigns).

2.8 Principal Payments; Termination and Reduction of Aggregate Elected Commitment Amounts.

2.8.1 Optional Principal Payments The Borrowers may at any time and from time to time, without penalty or premium, on prior notice to the Administrative Agent pay (i) all outstanding Floating Rate Advances, or (ii) a part of the outstanding Floating Rate Advance in a minimum amount of \$200,000 (and any additional multiples of \$100,000). The Borrowers may from time to time, without premium or penalty (but subject to the payment of any funding indemnification amounts required by Section 3.5 including applicable breakage fees due hereunder), on three (3) Business Days' prior written notice to the Administrative Agent, pay (i) all outstanding Eurodollar Advances, or, (ii) a part of the outstanding Eurodollar Advances in a minimum total amount of \$2,000,000 (and any additional integral multiples of \$1,000,000).

2.8.2. Mandatory Principal Payments In addition to the mandatory principal payments required due to a Deficiency in accordance with Section 2.6.7, if at any time a Deficiency occurs as a result of a reduction of the Borrowing Base under Section 2.6.8 or

7.4, Borrowers will, within three (3) Business Days following written notice from Administrative Agent promptly prepay the principal of the Loans with proceeds of such Indebtedness issuance or asset sale in an amount at least equal to the Deficiency (or, if the Loans have been paid in full, deposit with the Administrative Agent the amount required to eliminate the Deficiency, which amount shall be applied by the Administrative Agent to the payment of all LC Obligations, including all Reimbursement Obligations with respect to any Letters of Credit as they become due and payable; any balance remaining after (i) all Letters of Credit have expired or been fully drawn on or (ii) after the Deficiency no longer exists will be returned to Unit) together with interest during the period of the Deficiency. Any principal or interest prepaid under this subsection will be in addition to, and not in lieu of, all payments otherwise then required under the Loan Documents.

2.8.3. Termination and Reduction of Aggregate Elected Commitment Amounts.

(a) Unless previously terminated, the Aggregate Elected Commitment Amounts shall terminate on the Facility Termination Date. If at any time the Aggregate Maximum Credit Amounts, the Borrowing Base, or the Aggregate Elected Commitment Amounts are terminated or reduced to zero, then the Elected Commitment of each Lender shall terminate on the effective date of such termination or reduction.

(b) The Borrowers may once between each Scheduled Redetermination reduce the Aggregate Elected Commitment Amounts; provided that (i) each reduction of the Aggregate Elected Commitment Amounts shall be in an amount that is an integral multiple of \$5,000,000 and not less than \$25,000,000 (or, if less, the remaining amount of the Aggregate Elected Commitment Amounts), and (ii) the Borrowers shall not terminate or reduce the Aggregate Elected Commitment Amounts if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.6.7 or 2.8.2, the Total Outstanding Credit Exposure would exceed the Aggregate Elected Commitment Amounts.

(c) The Borrowers shall notify the Administrative Agent of any election to terminate or reduce the Aggregate Elected Commitment Amounts under paragraph (b) of this Section 2.8.3 at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrowers pursuant to this paragraph (c) shall be irrevocable; provided that a notice of termination of the Aggregate Elected Commitment Amounts delivered by the Borrowers may state that such notice is conditioned upon the effectiveness of other credit facilities or refinancing, in which case such notice may be revoked by the Borrowers (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Aggregate Elected Commitment Amounts shall be permanent, provided that the Aggregate Elected Commitment Amounts may be increased in accordance with Section 14.6. Each

reduction of the Aggregate Elected Commitment Amounts shall be made ratably among the Lenders in accordance with their respective Pro Rata Shares.

2.9 Method of Selecting Loan Types and Interest Periods for New Advances Unit will select each type of Advance and, in the case of a Eurodollar Advance, the applicable Interest Period. Unit will give the Administrative Agent irrevocable notice (a "Borrowing Notice") not later than 11:00 a.m. (Tulsa time) on the same Business Day as the Borrowing Date of each Floating Rate Advance and three Business Days before the Borrowing Date for each Eurodollar Advance. Unit's notice will specify:

- (i) the Borrowing Date, which must be a Business Day, of the Advance;
- (ii) the total amount of the Advance;
- (iii) the type (Floating Rate or Eurodollar) of Advance selected; and
- (iv) in the case of a Eurodollar Advance, the applicable Interest Period.

Not later than 1:00 p.m. (Tulsa time) on each Borrowing Date, each Lender will make available its Loan or Loans in funds immediately available in Tulsa to the Administrative Agent at its address specified under Article 15. The Administrative Agent will make the funds received from the Lenders immediately available to the Borrowers at the Administrative Agent's address.

2.10 Conversion and Continuation of Outstanding Advances Each Floating Rate Advance will continue as Floating Rate Advance unless converted into Eurodollar Advance under this Section 2.10 or is repaid. Each Eurodollar Advance will continue as a Eurodollar Advance until the end of its applicable Interest Period, at which time the Eurodollar Advance will be automatically converted into a Floating Rate Advance unless (x) the Eurodollar Advance is or was repaid or (y) Unit gives the Administrative Agent a Conversion/Continuation Notice requesting that, at the end of the Interest Period, the Eurodollar Advance continue as a Eurodollar Advance for the same or another Interest Period. Subject to the terms of Section 2.2, Unit may elect from time to time to convert all or any part of a Floating Rate Advance into a Eurodollar Advance. Unit will give the Administrative Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of a Floating Rate Advance into a Eurodollar Advance or continuation of a Eurodollar Advance. A Conversion/Continuation Notice must be given by 11:00 a.m. (Tulsa time) on a day that is at least three Business Days before the date of the requested conversion or continuation and specify:

- (i) the requested date, which must be a Business Day, of the conversion or continuation;
- (ii) the total amount of and the type of the Advance (Floating Rate Advance or Eurodollar Advance) that is to be converted or continued; and
- (iii) the duration of the applicable Interest Period.

2.11 Interest Rate. Each Advance will bear interest at a variable per annum rate equal to the Eurodollar Rate or the Floating Rate as applicable, except as otherwise provided in Section

2.12. Each Floating Rate Advance will bear interest on its outstanding principal amount, for each day from and including the date the Advance is made or is automatically converted from a Eurodollar Advance into a Floating Rate Advance under Section 2.10 (but excluding the date it is paid or is converted into a Eurodollar Advance under Section 2.10) at an annual rate equal to the Floating Rate for that day. Changes in the rate of interest on that part of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Advance will bear interest on its outstanding principal amount from and including the first day of the Interest Period applicable to it until (but not including) the last day of that Interest Period. The Administrative Agent will determine the applicable interest rate for each Eurodollar Advance based on Unit's selections under Sections 2.9 and 2.10 and otherwise in accordance with the terms of this Agreement. No Interest Period may end after the Facility Termination Date.

2.12 Effect of Default or Deficiency on Advances/Rates Applicable After Default or Deficiency Despite Section 2.9, 2.10, or 2.11, during a Default or Deficiency the Required Lenders may, at their option by written notice to Unit, declare that no Advance will be made as, converted into, or continued as a Eurodollar Advance and no Letters of Credit will be issued. During the continuance of an Event of Default, each Eurodollar Advance and each Floating Rate Advance will bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to the Interest Period plus an additional two hundred basis points (2.0%) per annum, and the LC Fee will be increased by an additional two hundred basis points (2.00%) per annum. During (i) a Default that remains uncured (prior to an Event of Default) or (ii) a Deficiency that is not cured within a thirty (30) day period, interest will be determined at the applicable Level IV Status Floating Rate per annum plus an additional fifty basis points (0.50%) as to Floating Rate Advances or applicable Level IV Status Eurodollar Rate plus an additional one hundred basis points (1.00%) as to Eurodollar Rate Loans per annum as to Eurodollar Rate. During a Default or Event of Default under Subsections 10.1.6 or 10.1.7, the interest rates set forth above and the increase in the LC Fee will apply to all Credit Extensions without any election, notice or other action on the part of the Administrative Agent or any Lender; provided, however, the default interest rate specified above shall not accrue at the same time a late fee is being assessed pursuant to Section 2.5.3, such election to be at the option of the Administrative Agent and the Required Lenders.

2.13 Method of Payment of Obligations All Obligation payments will be made, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at the Administrative Agent's address specified by Section 15.1, by 12:00 noon (Tulsa time) on the date when due (other than payments of Rate Management Obligations owed to Lender Counterparties, which shall be made in accordance with the applicable Financial Contracts governing such Rate Management Obligations) and will (except in the case of Reimbursement Obligations for which the LC Issuer has not been fully indemnified by the Lenders, or as otherwise required under this Agreement) be applied ratably by the Administrative Agent among the Lenders. The Administrative Agent will promptly pay in the same type of funds that the Administrative Agent received to each Lender at the Lender's address specified in Section 15.1 (or at the address specified in a notice received by the Administrative Agent from the Lender) any payments the Administrative Agent receives on behalf of the Lender. The Administrative Agent may charge Borrowers' accounts (other than any Excluded Account) at BOK for each payment of principal interest, Reimbursement Obligations and fees due under this

Agreement. Each reference to the Administrative Agent in this Section 2.13 will also be deemed to refer, and will apply equally, to the LC Issuer, in the case of payments required to be made by the Borrowers to the LC Issuer under Section 2.19.6.

Subject to the provisions of Section 11.4, all principal or interest payments on any Note or Loan will be applied first to any interest then due and payable, then to principal, and last to any prepayment of principal and interest in compliance with Section 2.8. All distributions of amounts described above will be made by Administrative Agent pro rata to each Lender then owed Obligations described in this section in proportion to all amounts owed to Administrative Agent and all Lenders which are described in this Section 2.13; provided that if any Lender then owes payments to LC Issuer for the purchase of a participation under Section 2.19.2 or to Administrative Agent under Section 13.7, any amounts otherwise distributable under this section to the Lender will be deemed to belong to LC Issuer, or Administrative Agent, respectively, to the extent of the unpaid payments, and Administrative Agent will apply those amounts to pay such unpaid payments rather than distribute those amounts to the Lender.

2.14 Payment of Fees. All fees paid under this Agreement will be paid in US Dollars on the dates due, in immediately available funds to the Administrative Agent (or the LC Issuer, in the case of fees payable to it). Fees paid will not be refundable under any circumstances except in the case of inadvertent but conclusive overpayment by Borrowers.

2.15 Telephonic Notices. The Lenders and the Administrative Agent may extend, convert, or continue Advances, effect selections of types of Advances, and transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes authorized to act on behalf of the Borrowers. Borrowing Notices and Conversion/Continuation Notices may be given telephonically. Unit will deliver promptly to the Administrative Agent a written confirmation executed by an Authorized Officer of each telephonic notice. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and any Lenders, the records of the Administrative Agent and the Lenders will govern absent manifest error.

2.16 Payment Date. Interest accrued on each Floating Rate Advance will be payable on the last day of each month, or any date on which the Floating Rate Advance is prepaid (whether due to acceleration or otherwise), and on the Facility Termination Date. Interest accrued on the principal amount of any Floating Rate Advance converted into a Eurodollar Advance on a day other than the last day of a month will be payable on the date of conversion. Interest accrued on each one month (30 day), two months (60 days), or three months (90 days) Interest Period for a Eurodollar Advance will be payable on the last day of its applicable Interest Period, on any date on which the Eurodollar Advance is prepaid (whether by acceleration or otherwise), and on the Facility Termination Date. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months (i.e., six months (180 days) Interest Period) will also be payable on the last day of each three-month interval during the Interest Period. Interest will be payable from the day an Advance is made but not for the day of payment if the payment is received before 12:00 noon (local time) at the place of payment. If any payment of principal of or interest on an Advance is due on a day which is not a Business Day, that payment will be made on the next succeeding Business Day and, in the case of a principal payment, the extension of time will be included in computing interest on the payment.

2.17 Notification of Advances, Interest Rates, and LC Requests The Administrative Agent will promptly notify each Lender of the contents of each Borrowing Notice, Conversion/Continuation Notice, or repayment notice it receives as well as changes in the applicable per annum rate of interest pursuant to the Pricing Schedule. Promptly after notice from the LC Issuer the Administrative Agent will notify each Lender of the contents of each request for issuance of a Letter of Credit.

2.18 Non-Receipt of Funds by the Administrative Agent Unless Unit or a Lender, as the case may be, notifies the Administrative Agent before the date on which it is to make a payment to the Administrative Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrowers, a payment of principal, interest or fees, that it does not intend to make the payment, the Administrative Agent may assume that the payment has been made. The Administrative Agent may, but will not be obligated to, make the amount of the payment available to the intended recipient in reliance on that assumption. If the Lender or the Borrowers, as the case may be, did not make the payment, the recipient of the payment will when requested by the Administrative Agent, repay the amount of the payment with interest to Administrative Agent. Interest will apply for each day starting the day the payment was made until the day the Administrative Agent receives the repayment. Interest will be calculated at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for the day for the first three days and then the interest rate applicable to the relevant Loan or (y) in the case of payment by the Borrowers, the interest rate applicable to the relevant Loan.

2.19 Letters of Credit.

2.19.1. Issuance. When requested by Unit, the LC Issuer will issue standby Letters of Credit and renew, extend increase, decrease or otherwise modify each Letter of Credit ("Modify," and each action a "Modification"), from time to time before the Facility Termination Date; but only if immediately after each Letter of Credit is issued or Modified, (i) the total amount of the outstanding LC Obligations does not exceed the LC Sublimit and (ii) the Total Outstanding Credit Exposure does not exceed the Aggregate Elected Commitment Amounts. No Letter of Credit will have an expiration date more than one year from its date of issuance (or, in the case of a Modification, one year after the Modification). If an expiration date for any Letter of Credit is within five (5) Business Days before the Facility Termination Date, Borrower will deposit with the Administrative Agent on the Facility Termination Date immediately available funds in an amount equal to the undrawn amount of the Letter of Credit. The Administrative Agent may apply such funds to the payment of Reimbursement Obligations with respect to the Letter of Credit as they become due and payable, and any balance remaining after such Letter of Credit has expired or been fully drawn upon will be returned to the Borrowers.

2.19.2. Participations. On the issuance or Modification of a Letter of Credit, the LC Issuer will be deemed without further action by any party, to have unconditionally and irrevocably sold to each Lender, and each Lender will be deemed, without further action by any party, to have unconditionally and irrevocably purchased from the LC Issuer, a participation in the Letter of Credit (and each Modification of the Letter of Credit) and the related LC Obligations in proportion to its Pro Rata Share.

2.19.3. Notice. Unit will give the LC Issuer notice before 11:00 a.m. (Tulsa time) at least one Business Day before the proposed date of issuance or Modification of a Letter of Credit, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiration date of the Letter of Credit. The issuance or Modification of a Letter of Credit by the LC Issuer is subject to the LC Issuer's approval and the Borrowers signing and delivering an LC Application or other instruments and agreements relating to the Letter of Credit as the LC Issuer may reasonably request (each, a "LC Application"). In the event of a conflict between the terms of this Agreement and the terms of an LC Application, the terms of this Agreement will control.

2.19.4. Letter of Credit Fees. The Borrowers will pay to the Administrative Agent, for the account of the Lenders in accordance with their respective Pro Rata Shares, a per annum letter of credit fee when a Letter of Credit is issued. The amount of the fee will be equal to the greater of \$500.00 or a per annum rate equal to the Applicable Margin for Eurodollar Loans on the stated amount of the Letter of Credit (each fee described in this sentence an "LC Fee"). The Borrowers will also pay to the LC Issuer for its own account at the time of issuance of a Letter of Credit, a fronting fee in an amount equal to 0.125% of the initial stated amount, and any documentary and processing charges incurred in connection with the issuance or Modification of and draws under Letters of Credit in accordance with the LC Issuer's then standard schedule for those charges.

2.19.5. Administration; Reimbursement by Lenders. If the LC Issuer receives demand for payment by a beneficiary under a Letter of Credit, the LC Issuer will notify the Administrative Agent. The Administrative Agent will then promptly notify the Borrowers and each other Lender of the amount demanded to be paid and the proposed payment date (the "LC Payment Date"). The responsibility of the LC Issuer to the Borrowers and each Lender will be only to determine that the documents (including each demand for payment) delivered under each Letter of Credit in connection with the presentment conforms in all material respects with the Letter of Credit. In the absence of gross negligence or willful misconduct by the LC Issuer, each Lender will be unconditionally and irrevocably liable without regard to the occurrence of any Default, Event of Default or any condition precedent, to reimburse the LC Issuer on request for (i) the Lender's Pro Rata Share of the amount of each payment made by the LC Issuer under a Letter of Credit to the extent the amount is not reimbursed by the Borrowers under Section 2.19.6, plus (ii) interest on the amount to be reimbursed by the Lender for each day from the date of the LC Issuer's demand for the reimbursement (or, if the demand is made after 12:00 noon (Tulsa time) on that date, from the next succeeding Business Day) to the date paid. The interest to be paid will be calculated at a rate of interest per year equal to the Federal Funds Effective Rate for the first three days and then at a rate of interest equal to the rate applicable to Floating Rate Advances.

2.19.6. Reimbursement by Borrowers. The Borrowers are irrevocably and unconditionally obligated to reimburse the LC Issuer on or before the applicable LC Payment Date for any amounts to be paid by the LC Issuer under subsection 2.19.5. The Borrowers' reimbursement obligation will be without presentment, demand, protest or other formalities of any kind but either the Borrowers or any Lender may assert any claim

for direct (but not consequential) damages suffered by the Borrowers or the Lender to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Letter of Credit issued by it complied with the terms of the Letter of Credit or (ii) the LC Issuer's failure to pay under any Letter of Credit issued by it after the presentation to it of a request strictly complying with the terms and conditions of the Letter of Credit. All amounts paid by the LC Issuer and remaining unreimbursed by the Borrowers will bear interest payable on demand, for each day until paid at a rate per year equal to (x) the rate applicable to Floating Rate Advances for that day if that day falls on or before the applicable LC Payment Date and (y) the sum of two hundred basis points (2.0%) plus the rate applicable to Floating Rate Advances for that day if that day falls after the LC Payment Date. The LC Issuer will pay to each Lender in accordance with its Pro Rata Share all amounts received by it from the Borrowers as payment in whole or in part, for Reimbursement Obligations in regard to any Letter of Credit issued by the LC Issuer, but only if the Lender has paid the LC Issuer for the Letter of Credit under Section 2.19.5. Subject to the terms and conditions of this Agreement, the Borrowers may request an Advance to satisfy any Reimbursement Obligation.

2.19.7. Obligations Absolute. The Borrowers' obligations under this Section 2.19 are absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim, or defense to payment that the Borrowers may have or have had against the LC Issuer, any Lender, or any beneficiary of a Letter of Credit. Borrowers acknowledge and agree that the LC Issuer and the Lenders will not be responsible for, and the Borrowers' Reimbursement Obligation in respect of any Letter of Credit will not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if those documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Borrowers, any of their Affiliates, the beneficiary of any Letter of Credit, any financing institution, or other party to whom any Letter of Credit may be transferred or any claims or defenses whatsoever of the Borrowers or of any of their Affiliates against the beneficiary of any Letter of Credit or any transferee. The LC Issuer will not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit. The Borrowers agree that any action taken or omitted by the LC Issuer or any Lender under or in connection with each Letter of Credit and the related drafts and documents, if done without gross negligence or willful misconduct, will be binding on the Borrowers and will not put the LC Issuer or any Lender under any liability to the Borrowers. Nothing in this subsection 2.19.7 will limit the right of the Borrowers to make a claim for damages as provided in subsection 2.19.6.

2.19.8. Actions of LC Issuer The LC Issuer is entitled to rely, and will be fully protected in, relying on any Letter of Credit, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and on advice and statements of legal counsel, independent accountants, and other experts selected by the LC Issuer. The LC Issuer will be fully justified in failing or refusing to take any action under this

Agreement unless it will first have received the advice or concurrence of the Required Lenders as it reasonably deems appropriate or it will first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take such action. Despite any other provision of this Section 2.19, the LC Issuer will in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders, and that request and any action taken or failure to act due to that request will be binding on the Lenders and any future holders of a participation in any Letter of Credit.

2.19.9. Indemnification. The Borrowers will indemnify and hold harmless each Lender, the LC Issuer and the Administrative Agent, and their respective directors, officers, administrative agents and employees from and against any and all claims, and damages, losses, liabilities, costs or expenses which a Lender, the LC Issuer or the Administrative Agent may incur (or which may be claimed against a Lender, the LC Issuer or the Administrative Agent by any Person) by reason of or in connection with the issuance, signing and delivery, transfer of or payment, or failure to pay under any Letter of Credit or any actual or proposed use of any Letter of Credit, including any claims, damages, losses, liabilities, costs, or expenses which the LC Issuer incurs by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to the LC Issuer (but this does not affect any rights the Borrowers may have against a defaulting Lender) or (ii) by reason of or on account of the LC Issuer issuing any Letter of Credit which specifies that the term "Beneficiary" included in the Letter of Credit includes any successor by operation of law of the named Beneficiary, but which Letter of Credit does not require that any drawing by any successor Beneficiary be accompanied by a copy of a legal document, satisfactory to the LC Issuer, evidencing the appointment of such successor Beneficiary. The Borrowers will not be required to indemnify any Lender, the LC Issuer or the Administrative Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under a Letter of Credit complied with the terms of the Letter of Credit or (y) the LC Issuer's failure to pay under any Letter of Credit after the presentation to it of a request strictly complying with the terms and conditions of the Letter of Credit. Nothing in this Section 2.19.9 is intended to limit the obligations of the Borrowers under any other provision of this Agreement, provided that to the extent of any inconsistency between this Section 2.19.9 and Section 12.6.1, the provisions of this Section 2.19.9 shall control; and provided further that this Section 2.19.9 shall not apply to Taxes, which shall be exclusively governed by Section 3.3.

2.19.10. Lenders' Indemnification. Each Lender will, in accordance with its Pro Rata Share, indemnify the LC Issuer, its Affiliates and their respective directors, officers, administrative agents and employees (to the extent not reimbursed by the Borrowers) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except resulting from the indemnitees' gross negligence or willful misconduct or the LC Issuer's failure to pay under any Letter of Credit after the presentation to it of a request strictly complying with the terms and conditions of the Letter of Credit) that the indemnitees may suffer or incur

in connection with this Section 2.19 or any action taken or omitted by the indemnitees under this Section 2.19.

2.19.11. Existing Letters of Credit Each letter of credit issued and outstanding under the Existing Credit Agreement as of the date hereof will be deemed to constitute a Letter of Credit issued under this Agreement on the date hereof for all purposes of the Loan Documents; provided that no additional LC Fees or fronting fees will be payable with respect to such Letters of Credit under Section 2.19.4. for which LC Fees and fronting fees have been paid in full.

2.20 Defaulting Lenders Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

- (a) fees pursuant to Section 2.5.2 shall cease to accrue on the unfunded portion of the Elected Commitment of such Defaulting Lender;
- (b) the Elected Commitment and Outstanding Credit Exposure of such Defaulting Lender shall not be included for any purpose in determining whether all Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 11.2), provided that any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender which affects such Defaulting Lender differently than other affected Lenders shall require the consent of such Defaulting Lender and further provided that any redetermination or affirmation of the Borrowing Base shall occur without the participation of the Defaulting Lender, but the Elected Commitment (i.e., the Pro Rata Share of a Defaulting Lender) will not be increased without the consent of the Defaulting Lender;
- (c) if any LC Obligations exists at the time a Lender becomes a Defaulting Lender then:(i) all or any part of the LC Obligations of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Pro Rata Share (for the purpose of such reallocation the Defaulting Lender's Elected Commitment will be disregarded in determining each non-Defaulting Lender's Pro Rata Share) but only to the extent (x) the sum of all non-Defaulting Lenders' Outstanding Credit Exposures plus such Defaulting Lender's LC Obligations does not exceed the total of all non-Defaulting Lenders' Elected Commitments and (y) the conditions set forth in Section 4.2 are satisfied at such time; (ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within two Business Days following notice by the Administrative Agent (x) first, collateralize such Defaulting Lender's LC Obligations (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.19.10 for so long as such LC Obligations are outstanding; (iii) if the Borrowers cash collateralizes any portion of such Defaulting Lender's LC Obligations pursuant to this Section 2.20(c), the Borrowers shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.19.4 with respect to such Defaulting

Lender's LC Obligations during the period such Defaulting Lender's LC Obligations are cash collateralized; (iv) if the LC Obligations of the non-Defaulting Lenders are reallocated pursuant to this Section 2.20(c), then the fee payable to the Lenders pursuant to Section 2.19.4 and Section 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Pro Rata Shares; or (v) if any Defaulting Lender's LC Obligations are neither cash collateralized nor reallocated pursuant to this Section 2.20(c), then, without prejudice to any rights or remedies of the LC Issuer or any Lender hereunder, all commitment fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Elected Commitment that was utilized by such LC Obligation) and letter of credit fees payable under Section 2.19.4 with respect to such Defaulting Lender's LC Obligation shall be payable to the LC Issuer until such LC Obligations are cash collateralized and/or reallocated; and

- (d) so long as any Lender is a Defaulting Lender, the LC Issuer shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure will be 100% covered by the Elected Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrowers in accordance with Section 2.20(c), and participating interests in any such newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.20(c)(i) (and Defaulting Lenders shall not participate therein). In the event that the Administrative Agent, the Borrowers and the LC Issuer each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the LC Obligations of the Lenders shall be readjusted to reflect the inclusion of such Lender's Elected Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Pro Rata Share.

2.21 Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it on its Outstanding Credit Exposure (other than payments received under Article 3) in a greater proportion than that received by any other Lender, such Lender agrees, promptly on demand, to purchase a portion of the Total Outstanding Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Total Outstanding Credit Exposure. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations (other than its Rate Management Obligations, if any) or such amounts which may be subject to setoff, such Lender agrees, promptly on demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their respective Pro Rata Shares of the Total Outstanding Credit Exposure.

ARTICLE 3

YIELD PROTECTION; TAXES

3.1 Yield Protection. If, on or after the date of this Agreement, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in its interpretation or administration by any governmental or quasi-governmental authority, central bank, or comparable agency charged with its interpretation or administration thereof or compliance by any Lender or applicable banking address of the LC Issuer with any request or directive of any such authority, central bank or comparable agency:

- (i) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit, or similar requirement against assets of, deposits with (or for the account of), or credit extended by, any Lender or the LC Issuer (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances); or
- (ii) imposes any other condition the result of which is to increase a Lender's cost, the interbank eurocurrency deposit market cost or the LC Issuer's costs of making, funding or maintaining its Eurodollar Loans or of issuing or participating in Letters of Credit, or reduces any receivable of a Lender, the interbank eurocurrency deposit market or the LC Issuer in connection with its Eurodollar Loans, Letters of Credit or participations therein, or requires any Lender, the interbank Eurocurrency deposit market or the LC Issuer to make any payment calculated by reference to the amount of Eurodollar Loans, Letters of Credit or participations therein held or interest or LC Fees received by it by an amount deemed material by such Lender or the LC Issuer as the case may be and the result of any of the foregoing is to increase the cost to such Lender or the LC Issuer, as the case may be, of making or maintaining its Eurodollar Loans or Elected Commitment or of issuing or participating in Letters of Credit or to reduce the return received by such Lender, the interbank eurocurrency deposit market or the LC Issuer, as the case may be, in connection with such Eurodollar Loans, Elected Commitment, Letters of Credit or participations therein,

then, within 15 days of demand by the Administrative Agent or the LC Issuer, as the case may be, to Unit, the Borrowers will pay Administrative Agent for the account of the Lender or the LC Issuer, as the case may be, that additional amount or amounts as will compensate the Lender or the LC Issuer, as the case may be, for the increased cost or reduction in the amount received by it; provided that the Borrowers shall not be required to compensate a Lender or the LC Issuer pursuant to this Section 3.1 for any increased costs or reductions incurred more than 365 days prior to the date that such Lender or the LC Issuer, as the case may be, notifies Unit of the change giving rise to such increased costs or reduction and of the Lender's or the LC Issuer's intentions to claim compensation therefor.

The foregoing provisions of this Section 3.1 shall not apply to Taxes, which shall be governed exclusively by Section 3.3.

3.2 Changes in Capital Adequacy Regulations If a Lender or the LC Issuer determines, in good faith, the amount of capital required or expected to be maintained by the Lender or the LC Issuer, or any corporation controlling the Lender or the LC Issuer is increased

as a result of a Change, then, within 15 days of demand to Unit by the Lender or the LC Issuer, the Borrowers will pay the Lender or the LC Issuer the amount necessary to compensate the shortfall in the rate of return on the portion of the increased capital which the Lender or the LC Issuer determines in good faith is attributable to this Agreement, its Outstanding Credit Exposure or its Elected Commitment (after taking into account the Lender's or the LC Issuer's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or the LC Issuer or any corporation controlling any Lender or the LC Issuer. Risk-Based Capital Guidelines means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards" including transition rules, and any amendments to the regulations adopted prior to the date of this Agreement. Notwithstanding anything in this Agreement to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, proposed or final rules, interpretations, guidelines and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, will in each case be deemed to be "Change", regardless of the date enacted, adopted, issued or implemented.

3.3 Taxes. (i) All payments by the Borrowers to or for the account of any Lender, the LC Issuer or the Administrative Agent or under any Note or LC Application will be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes, unless such withholding is required by any law. If the Borrowers are required by law to deduct Indemnified Taxes or Other Taxes from any payment to a Lender, the LC Issuer, or the Administrative Agent, to the extent not prohibited by applicable law, (a) the payment will be increased so that after making all required deductions (including deductions applicable to payments under this Section 3.3) the Lender, the LC Issuer, or the Administrative Agent (as the case may be) receives an amount equal to the payment it would have received had no deductions been made, (b) the Borrowers will make the deductions, (c) the Borrowers will pay the full amount deducted to the relevant authority in accordance with applicable law, and (d) the Borrowers will furnish Administrative Agent a copy of a receipt evidencing payment within 30 days after the payment is made.

- (i) In addition, without duplication of any payments made pursuant to Section 3.3 (i), the Borrowers will pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.
- (ii) The Borrowers agrees to indemnify the Administrative Agent, the LC Issuer, and each Lender for the full amount of Indemnified Taxes or Other Taxes paid by the Administrative Agent, the LC Issuer or a Lender and any liability (including penalties, interest and expenses) associated with those payments.

Payments properly due under this indemnification will be made within 30 days following the date the Administrative Agent, the LC Issuer or a Lender requests payment.

- (iii) If the U.S. Internal Revenue Service or any other governmental authority of the United States or any other country (or any of their political subdivisions) asserts a claim that the Administrative Agent did not properly withhold tax from payments to or for the account of any Lender because the appropriate form was not delivered or properly completed by such Lender, because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered its exemption from withholding ineffective, or for any other reason, then such Lender will indemnify the Administrative Agent, fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax, withholding for the tax, or otherwise, including penalties and interest, and any taxes imposed by any jurisdiction on amounts payable to the Administrative Agent under this subsection, together with all related costs and expenses (including attorney's fees and time charges of attorneys for the Administrative Agent. The obligations of the Lenders under this Section 3.3(iii) will survive the payment of the Obligations and termination of this Agreement. Any liability under this Section 3.3(iii) will not be a liability of the Borrowers.
- (iv) Any Lender or LC Issuer that is entitled to an exemption from or reduction of withholding Taxes (including backup withholding Taxes) with respect to payments under this Agreement shall deliver to the Borrowers (with a copy to the Administrative Agent), at the time or times upon the reasonable request of the Borrowers, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrowers as will permit such payments to be made without withholding or at a reduced rate of withholding; provided, no such Lender or LC Issuer will be required to deliver or submit copies of any tax returns or schedules therewith.
- (v) If the Administrative Agent, a Lender or an LC Issuer determines, in its reasonable discretion, that it has received a refund or credit of any Taxes or Other Taxes as to which it has been indemnified by any Borrower or with respect to which any Borrower has paid additional amounts pursuant to this Section 3.3, it shall pay over such refund to such Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 3.3 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent, such Lender or such LC Issuer and without interest (other than any interest paid by the relevant Governmental Authority with regard to the refund or credit); provided that such Borrower, upon the request of the Administrative Agent, such Lender or such LC Issuer, agrees to repay the amount paid over to such Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent, such Lender or such LC Issuer in the event the Administrative Agent, such

Lender or such LC Issuer is required to repay such refund to such Governmental Authority.

- (vi) If a payment made to a Lender or LC Issuer under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender or LC Issuer fails to comply with any requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender or LC Issuer shall deliver to the Borrowers and the Administrative Agent at the time or times prescribed by applicable law and at such time or times reasonably requested by the Borrowers or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrowers or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender or such LC Issuer has complied with such Lender's or such LC Issuer's obligation under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (v), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.
- (vii) To the extent that the relevant documentation provided pursuant to this Section 3.3 is rendered obsolete or inaccurate in any material respect as a result of changes in circumstances with respect to the status of a Lender or a LC Issuer, such Lender or such LC Issuer shall, to the extent permitted by applicable law deliver to the Borrowers and the Administrative Agent revised and/or updated documentation or promptly notify the Borrowers and the Administrative Agent in writing of its legal inability to do so.
- (viii) For purposes of determining withholding Taxes imposed under FATCA, from and after the effectiveness of the Second Amendment, the Borrowers and the Administrative Agent shall treat (and the Lenders and the LC Issuers hereby authorize the Administrative Agent to treat) each of the Loans as not qualifying as "grandfathered obligations" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

3.4 Availability of Eurodollar Advances.

- (i) If a Lender determines that maintenance of its Eurodollar Loans at a suitable banking location would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, then, upon notice by that Lender to the Borrowers and the Administrative Agent, such Lender's obligation to continue to make or convert Eurodollar Loans shall be suspended until that Lender notifies the Borrowers and the Administrative Agent that the circumstances giving rise to such determination no longer exist, and any Eurodollar Advances of that Lender shall be converted to Floating Rate Advances, to the extent required to comply with such Laws or change, subject to the payment of any funding indemnification amounts required by Section 3.5. If the Required

Lenders determine that (a) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available, or (b) the interest rate applicable to Eurodollar Advances does not accurately reflect the cost of making or maintaining Eurodollar Advances, then, upon notice by the Required Lenders to the Borrowers and the Administrative Agent, (1) the availability of Eurodollar Advances, and continuations thereof and conversions thereto, will be suspended to the extent required to comply with such Laws or change until the Required Lenders notify the Borrowers and the Administrative Agent that the circumstances giving rise to such determination no longer exist, and (2) any affected Eurodollar Advances shall be required to be repaid or converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.5.

- (ii) If the Administrative Agent has made the determination (such determination to be conclusive absent manifest error) that (a) adequate and reasonable means do not exist for ascertaining the Eurodollar Rate and that such circumstances are unlikely to be temporary, (b) any applicable interest rate specified herein is no longer a widely recognized benchmark rate for newly originated loans in the U.S. syndicated loan market in the applicable currency or (c) the applicable supervisor or administrator (if any) of any applicable interest rate specified herein or any Governmental Authority having, or purporting to have, jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which any applicable interest rate specified herein shall no longer be used for determining interest rates for loans in the U.S. syndicated loan market in the applicable currency, then the Administrative Agent, in consultation with the Borrowers, shall establish a replacement interest rate (the "**Replacement Rate**") that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, in which case, the Replacement Rate shall, subject to the next two sentences, replace such applicable interest rate for all purposes under the Loan Documents unless and until (x) adequate and reasonable means do not exist for ascertaining the Replacement Rate and that such circumstances are unlikely to be temporary or (y) the Administrative Agent (or the Required Lenders through the Administrative Agent) notifies the Borrowers that the Replacement Rate does not adequately and fairly reflect the cost to the Lenders of funding the Loans bearing interest at the Replacement Rate. In connection with the establishment and application of the Replacement Rate, this Agreement and the other Loan Documents shall be amended solely with the consent of the Administrative Agent and the Borrowers, as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 3.4(ii). Notwithstanding anything to the contrary in this Agreement or the other Loan Documents (including, without limitation, Section 11.2), such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five (5) Business Days of the delivery of such amendment to the Lenders, written notices from such Lenders that in the aggregate constitute Required Lenders, with each such notice stating that such Lender objects to such

amendment (which such notice shall note with specificity the particular provisions of the amendment to which such Lender objects). To the extent the Replacement Rate is approved by the Administrative Agent and the Borrowers in connection with this Section 3.4(ii), the Replacement Rate shall be applied in a manner consistent with market practice; provided that, in each case, to the extent such market practice is not administratively feasible for the Administrative Agent, such Replacement Rate shall be administratively applied as otherwise reasonably determined by the Administrative Agent (it being understood that any such modification by the Administrative Agent shall not require the consent of, or consultation with, any of the Lenders).

3.5 Funding Indemnification. If for any reason a payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period or a Eurodollar Advance is not made on the date specified by the Borrowers for any reason other than a breach of this Agreement by one or more Lenders, the Borrowers will indemnify each Lender for any resulting loss or cost incurred by it.

3.6 Mitigation Obligations. If any Lender requests compensation under Sections 3.1, 3.2 or 3.4 or if any Credit Party is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender or indemnify any Lender pursuant to Section 3.3, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Sections 3.1, 3.2, 3.3 or 3.3, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender.

3.7 Replacement Lenders. If a Lender (i) has notified Unit and the Administrative Agent of the circumstances described in Sections 3.1, 3.2 or 3.4, (ii) has required Borrowers to make payments for Indemnified Taxes or Other Taxes under Section 3.3, (iii) becomes a Defaulting Lender, (iv) is a Non-Extending Lender under Section 3.8, (v) has failed to approve a proposed amendment, waiver, or consent which, pursuant to the terms of Section 11.2 requires the consent of all Lenders or all affected Lenders and with respect to which the Required Lenders have granted their approval or consent, or (vi) objects to an increase in the Borrowing Base proposed by the Administrative Agent under the provisions of Section 2.6.2, then Unit may, at its sole cost, expense and effort, within ninety (90) days of Unit's learning of any of the items in (i) - (vi) provided that no Event of Default then exists, terminate, in whole but not in part, the Elected Commitment of that Lender (other than the Administrative Agent) (a "Terminated Lender"), on ten (10) days' prior written notice to the Terminated Lender and the Administrative Agent (a "Notice of Termination") of Unit's decision under this Section 3.7. If, at any time during the ninety day period and before Unit issues a Notice of Termination, the Terminated Lender notifies Unit in writing that the circumstances giving rise to the notice, event or circumstance no longer apply or the Terminated Lender otherwise withdraws its request for additional compensation or approves the proposed amendment, waiver, consent or Borrowing Base increase tendered by the Administrative Agent, as the case may be, then Unit will no longer be permitted to terminate the Elected Commitment of that Lender by reason of the particular

circumstances that no longer apply, the request that was withdrawn or the amendment, waiver, consent or Borrowing Base increase that was approved, as the case may be.

To effect the termination of the Elected Commitment of the Terminated Lender, Unit will: obtain either or both (i) an agreement by one or more Lenders to increase their Elected Commitment(s) or (ii) an agreement by one or more other banking or lending institutions to become parties to this Agreement in place and instead of Terminated Lender and agree to accept an Elected Commitment in accordance with Section 14.3; provided, however, that the new banking or lending institutions are reasonably acceptable to the Administrative Agent and become parties by executing an Assignment (the Lenders or other banking institutions that agree to accept in whole or in part the Elected Commitment of the Terminated Lender being referred to herein as the "Replacement Lenders") without recourse from the Terminated Lender, and that the aggregate increased and/or accepted Elected Commitments of the Replacement Lenders under clauses (i) and (ii) above equal the Elected Commitment of the Terminated Lender.

The Notice of Termination shall include the name of the Terminated Lender, the date the termination will occur (the "Lender Termination Date"), and within twenty (20) days of the Notice of Termination, Unit shall designate in writing the Replacement Lender or Replacement Lenders to which the Terminated Lender will assign its Elected Commitment and, if there will be more than one Replacement Lender, the portion of the Terminated Lender's Elected Commitment to be assigned to each Replacement Lender in accordance with Section 14.3.

On the Lender Termination Date, (i) the Terminated Lender shall by execution and delivery of an Assignment assign, without recourse, its Elected Commitment and all of its interests, rights and obligations under this Agreement and the related Loan Documents to the Replacement Lender or Replacement Lenders (pro rata, if there is more than one Replacement Lender, in proportion to the Pro Rata Share of the Terminated Lender's Elected Commitment to be assigned to each Replacement Lender indicated in the Notice of Termination and shall assign to the Replacement Lender or Replacement Lenders each of its Loans (if any) then outstanding and participation interests in Letters of Credit (if any) then outstanding pro rata as aforesaid), (ii) the Terminated Lender shall endorse its Note, if any, payable without recourse, representation or warranty to the order of the Replacement Lender or Replacement Lenders (Pro Rata Share as aforesaid), (iii) the Replacement Lender or Replacement Lenders shall purchase the Note, if any, or Elected Commitment held by the Terminated Lender (pro rata as aforesaid) at a price equal to the unpaid principal amount (including its participation in and Pro Rata Share of the LC Obligations) plus interest, facility fees, Commitment Fee and other fees accrued and unpaid to the Lender Termination Date, and (iv) the Replacement Lender or Replacement Lenders will thereon (pro rata as aforesaid) succeed to and be substituted in all respects for the Terminated Lender with like effect as if becoming a Lender under the terms of Section 14.3, and the Terminated Lender will have the rights and benefits of an assignor under Section 14.3. To the extent not in conflict, the terms of Section 14.3 shall supplement the provisions of this Section 3.7. For each assignment made under this Section 3.7, the Replacement Lender shall pay to the Agent the processing fee provided for in Section 14.3. The Borrower will be responsible for the concurrent payment of any breakage costs associated with termination and Replacement Lenders, as set forth in Section 3.5.

3.8 Extension of Scheduled Facility Termination Date.

3.8.1. Requests for Extension. Unit may, by notice to the Administrative Agent (who shall promptly notify the Lenders) not earlier than eighteen (18) months and not later than twelve (12) months before the Scheduled Facility Termination Date then in effect (the "Existing Maturity Date"), request that each Lender agree to extend the Existing Maturity Date then in effect for an additional one (1) year period from the Existing Maturity Date then in effect; but the Borrowers may request only two extensions under this Agreement and Borrowers will pay at the closing of an extension a reasonable extension fee, the amount of which will be negotiated and agreed to by the Lenders and Unit.

3.8.2. Lender Elections to Extend. Each Lender, acting in its sole and individual discretion, shall, by notice to the Administrative Agent given not later than the date (the "Notice Date") that is sixty (60) days after Unit has given notice in accordance with Section 3.8.1, advise the Administrative Agent whether or not the Lender agrees to the extension (and each Lender that determines not to so extend its Facility Termination Date (a "Non-Extending Lender") and shall notify the Administrative Agent of that fact promptly after that determination (but in any event no later than the Notice Date) and any Lender that does not so advise the Administrative Agent on or before the Notice Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to the extension shall not obligate any other Lender to so agree.

3.8.3. Notification by Administrative Agent. The Administrative Agent shall notify the Borrower of each Lender's determination under this Section no later than the date seven (7) days after the Notice Date (or, if the date is not a Business Day, on the next succeeding Business Day).

3.8.4. Additional Commitment Lenders. The Borrowers shall have the right on or before the Existing Maturity Date to replace each Non-Extending Lender with, and add as "Lenders" under this Agreement one or more Replacement Lenders (each, an "Additional Commitment Lender") as provided in Section 3.7 or Section 14.6, respectively, each of which Additional Commitment Lenders shall have entered into an Assignment and Assumption under which the Additional Commitment Lender shall, effective as of the Existing Maturity Date, undertake an Elected Commitment (and, if an Additional Commitment Lender is already a Lender, its Elected Commitment will be in addition to the Lender's Elected Commitment then in effect on that date).

3.8.5. Minimum Extension Requirement. Only if the total of the Elected Commitments of the Lenders that have agreed to extend the Existing Maturity Date then in effect and the additional Elected Commitments of the Additional Commitment Lenders is more than 50% of the total amount of the Elected Commitments in effect immediately before the Existing Maturity Date then in effect, then, effective as of such Existing Maturity Date, the Scheduled Facility Termination Date of each Lender (other than each Non-Extending Lender) and of each Additional Commitment Lender will be extended to the date which is one year after the Existing Maturity Date then in effect. If that date is not a Business Day, then the Scheduled Facility Termination Date as so extended will be the next preceding Business Day. Each Additional Commitment Lender will as a result become a "Lender" for all purposes of this Agreement.

3.8.6. Conditions to Effectiveness of Extensions Notwithstanding the above provisions of this Section, the extension of the Facility Termination Date will not be effective with respect to any Lender unless:

- (i) no Default, Event of Default or Deficiency has occurred and is continuing on the date of the extension and after giving effect to the extension;
- (ii) the representations and warranties contained in this Agreement are true and correct on and as of the date of the extension and after giving effect to the extension, as though made on and as of that date (or, if any representation or warranty is expressly stated to have been made as of a specific date, as of that specific date); and
- (iii) on the Facility Termination Date of each Non-Extending Lender, the Borrower prepays any Obligation (other than any Rate Management Obligations owed to such Non-Extending Lender) outstanding on that date to each Non-Extending Lender (and pays any additional amounts required under Section 3.5).

3.8.7. Conflicting Provisions. This Section 3.8 will supersede any conflicting provisions in Section 11.2.

ARTICLE 4

CONDITIONS PRECEDENT

4.1. Credit Extension. The Lenders will not be required to make any initial Credit Extension unless:

4.1.1. Unit has furnished to the Administrative Agent at its main banking offices in Tulsa, Oklahoma, each of the following, duly executed by the applicable Credit Parties and delivered in form, substance and date satisfactory to the Administrative Agent, with sufficient copies for all of the Lenders:

- (i) copies of the certificate of incorporation or certificate of organization or formation, as applicable, of each of the Credit Parties, together with all amendments, and a certificate of good standing, each certified by the appropriate governmental officer in their respective jurisdiction of organization;
- (ii) copies, certified by the Secretary or Assistant Secretary of the Credit Parties, of their respective by-laws or operating agreement or regulations, as applicable, and of their respective Board of Directors' or members/managers' resolutions and of resolutions or actions of any other body authorizing the authentication of the Loan Documents to which each Borrower is a party,
- (iii) an incumbency certificate, executed by the Secretary or Assistant Secretary of the Credit Parties, identifying by name and title and bearing the signatures of the Authorized Officers and any other officers of the Credit Parties authorized to execute the Loan Documents to which the Credit Party is a party, with the

Administrative Agent and the Lenders being entitled to rely on the certificate until informed of any change in writing by the Credit Party,

- (iv) a certificate, executed by the chief financial officer of Unit (on behalf of all of the Credit Parties), stating that on the initial Credit Extension Date no Default, Event of Default or Deficiency has occurred and is continuing, that all representations and warranties in the Loan Documents are true and correct in all material respects as of the Initial Credit Extension Date (except to the extent a representation or warranty is stated to relate solely to an earlier date, in which case the representation or warranty will have been true and correct on and as of such earlier date) and that no Material Adverse Effect has occurred;
- (v) a favorable written closing opinion of counsel to the Borrowers (in the event Borrowers use an outside counsel then that counsel will be acceptable to the Administrative Agent), addressed to the Administrative Agent and the Lenders in form, scope and substance satisfactory to the Administrative Agent;
- (vi) this Agreement and a Note payable to the order of each Lender requesting the issuance thereof;
- (vii) arrangements satisfactory to the Administrative Agent and the LC Issuer concerning payment in full of any Indebtedness owing to the Original Lenders under the Original Credit Agreement;
- (viii) any other documents, certificates, instruments and information as any Lender or its counsel may have reasonably requested and satisfactory review by the Lenders of all environmental, litigation, insurance (including in compliance with Sections 5.20 and 6.6) and other matters deemed appropriate by the Administrative Agent, including without limitation, data sufficient for analysis and projections of the Borrowing Base Properties (division orders, production payment checks or other evidence of payment by the purchaser of production) as reasonably deemed necessary by the Administrative Agent or the Required Lenders; and
- (ix) all facility fees owed to the Lenders and all fees and expenses owed by Borrowers to Administrative Agent that have been billed and submitted to the Administrative Agent and Unit as of that date including the reasonable attorney's fees and expenses of legal counsel for the Administrative Agent will have been paid.

4.1.2 The Administrative Agent will (i) attempt to promptly obtain the surrender to of and deliver to Unit all of the promissory notes held by the Original Lenders under the Original Credit Agreement and (ii) notify Unit and the Lenders of the date that the initial Credit Extension was made.

4.2 Each Credit Extension The Lenders are not required to make a Credit Extension unless on the applicable Credit Extension Date:

- (i) at the time of and immediately after giving effect to such Credit Extension, there exists no Default, Event of Default or Deficiency and the representations and warranties contained in Article 5 are then true and correct in all material respects as of the Credit Extension Date (except to the extent a representation or warranty is stated to relate solely to an earlier date, in which case the representation or warranty will have been true and correct on and as of the earlier date);
- (ii) the making of the Loan or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, would not conflict with, or cause any Lender or the LC Issuer to violate or exceed, any applicable governmental requirement, and no Change shall have occurred;
- (iii) the Credit Parties are, on a consolidated basis, solvent;
- (iv) to extent that any Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation such Borrower shall deliver, to Administrative Agent a Beneficial Ownership Certification in relation to each such Borrower; and
- (v) the Administrative Agent has received all documents and instruments it has then reasonably requested (in addition to those described in Section 4.1) as to (i) the accuracy and validity of or compliance with all representations, warranties, and covenants made by any Borrower or Subsidiary Guarantor in this Agreement in all material respects and the other Loan Documents, in each case in all material respects, and (ii) the satisfaction of all applicable conditions contained in this Agreement.

Each Borrowing Notice or request for issuance of a Letter of Credit will constitute a representation and warranty by the Borrowers that the applicable conditions contained in Section 4.2 have been satisfied or will be satisfied by the applicable Credit Extension Date.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

The Credit Parties represent and warrant to the Lenders that as of the Fifth Amendment Effective Date:

5.1 Existence and Good Standing Each Credit Party is a corporation or limited liability company, duly and properly incorporated or organized, as the case may be, validly existing and (to the extent applicable to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to carry on its business in each jurisdiction as now conducted.

5.2 Authorization and Validity. Each Credit Party has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The authentication and delivery by each Credit Party of the Loan Documents to which it is a party and the performance of its obligations thereunder have been

duly authorized by proper corporate or limited liability company proceedings. The Loan Documents to which a Credit Party is a party constitute legal, valid and binding obligations of that Credit Party enforceable against it in accordance with their terms, except as may be limited by bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally and general principles of equity ("Enforceability Exceptions").

5.3 No Conflict; Government Consent Neither the authentication and delivery of the Loan Documents by any of the Credit Parties which is a party to those documents, nor the consummation of the transactions contemplated by the Loan Documents, nor compliance with the provisions of the Loan Documents will violate in any material respect (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Credit Parties, (ii) any of the Credit Parties' articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating or other management agreement, as the case may be, or (iii) the provisions of any indenture, instrument or agreement to which any of the Credit Parties is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default, or result in, or require, the creation or imposition of any Lien in, of, or on the Property of the Credit Parties under the terms of any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the applicable Credit Parties, and the failure of which to obtain could reasonably be expected to have a Material Adverse Effect is required to be obtained by the Credit Parties in connection with the authentication and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Borrowers of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4 Financial Statements. The audited annual and unaudited quarterly, consolidated financial statements of Unit and its consolidated Subsidiaries previously delivered to the Lenders were prepared in accordance with GAAP (except that the unaudited interim financial statements were subject to normal and recurring year-end adjustments) in effect on the date the statements were prepared and fairly present, in all material respects, the consolidated financial position and consolidated results of operations and cash flows of Unit and its consolidated subsidiaries at that date and the consolidated results of their operations for the period then ended.

5.5 Material Adverse Effect. Since the filing of Unit's most recent SEC Form 10-K on February 27, 2018, there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the Credit Parties which could reasonably be expected to have a Material Adverse Effect. There is no fact known to the Borrowers which has a Material Adverse Effect or in the future is reasonably likely to have (so far as the Credit Parties can now foresee) a Material Adverse Effect and which has not been set forth in this Agreement or the other documents, certificates and statements furnished to the Administrative Agent by or on behalf of the Credit Parties before, on, the date of this Agreement.

5.6 Taxes. The Credit Parties have filed all United States federal Tax returns and all other material Tax returns which are required to be filed and have paid all Taxes due under those returns or under any assessment received by the Credit Parties or any of their Subsidiaries,

except (i) Taxes, if any, that are being contested in good faith and as to which adequate reserves have been provided in accordance with GAAP, and (ii) other Taxes where the failure to file or the failure to timely pay could not reasonably be expected to have a Material Adverse Effect. No material tax Liens have been filed and no material claims are being asserted with respect to any Taxes.

5.7 Litigation and Contingent Obligations There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Credit Parties which could reasonably be expected to have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Credit Extensions. Other than any liability incident to any litigation, arbitration or proceeding which could not reasonably be expected to have a Material Adverse Effect, the Credit Parties have no material Contingent Obligations not provided for or disclosed in the financial statements referred to in Section 5.4 except as set forth on Schedule 7 of this Agreement.

5.8 Subsidiaries. The Disclosure Schedule contains an accurate list of all Subsidiaries of Unit as of the date of this Agreement, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by the Unit or the other Credit Parties. All of the issued and outstanding shares of capital stock or other ownership interests of the Subsidiaries have been (to the extent those concepts are relevant with respect to those ownership interests) duly authorized and issued and are fully paid and non-assessable.

5.9 ERISA. Neither the Credit Parties nor any other member of the Controlled Group has incurred, or is reasonably expected to incur, any Withdrawal Liability to Multiemployer Plans which could reasonably be expected to have a Material Adverse Effect. Each Plan complies in all material respects with all applicable requirements of law and regulations (ii), no Reportable Event has occurred with respect to any Plan, (iii) neither the Credit Parties nor any other member of the Controlled Group has withdrawn from any Plan or initiated steps to do so, and (iv) no steps have been taken to reorganize or terminate any Plan, except as disclosed in the Disclosure Schedule.

5.10 Accuracy of Information. No information, exhibit or report furnished by the Credit Parties to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading, in each case as of the date furnished and when taking all such information, exhibits and reports as a whole; provided, that, with respect to projected financial information, the Borrowers represent only that such information was prepared in good faith based on assumptions believed by Borrowers to be reasonable both at the time made and as of the effective date of this Agreement.

5.11 Margin Stock. No part of the Loan proceeds of any Advances will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock. If requested by the Administrative Agent or the Required Lenders, the Credit Parties will furnish to the Administrative Agent a statement in conformity with the requirements of Federal Reserve Form U-1, referred to in Regulation U, to the foregoing effect.

No indebtedness being reduced or retired out of the proceeds of the Advances was or will be incurred for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U or any "margin security" within the meaning of Regulation T. "Margin Stock" within the meaning of Regulation U does not constitute more than 25% of the value of the consolidated assets of Unit and its Subsidiaries.

5.12 Material Agreements; Default. Unit has no actual knowledge of (i) any material agreement or material instrument to which any Credit Party is a party or (ii) any charter or other corporate restriction, either of which (i) or (ii), under current conditions and circumstances known to Unit, constitutes or could reasonably be expected to have a Material Adverse Effect. No Credit Party is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness, which default could reasonably be expected to have a Material Adverse Effect. No Default exists.

5.13 Compliance With Laws. The Credit Parties have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property except for any failure to comply with any of the foregoing which could not reasonably be expected to have a Material Adverse Effect.

5.14 Ownership of Properties. Each of the Credit Parties and their respective Subsidiaries has marketable title to all of the properties and assets reflected as owned in the consolidated financial statements of Unit, in each case free and clear of all Liens other than Permitted Encumbrances and all other Liens or title defects as do not materially and adversely affect the value of the property for, and do not materially interfere with the use made or proposed to be made of such property by Unit or its Subsidiaries, which such other Liens or title defects do not exceed \$2,000,000 in total. The real property, improvements, equipment and personal property held under lease by the Credit Parties are held under valid enforceable leases, except for Permitted Encumbrances, and all other Liens or title defects as are not material and do not materially interfere with the use made or proposed to be made of the real property, improvements, equipment, or personal property by the Credit Parties. The Credit Parties possess all licenses, permits, franchises, patents, copyrights, trademarks and trade names, and other intellectual property (or otherwise possess the right to use the intellectual property without violation of the rights of any other Person) which are necessary to carry out their business as presently conducted and as proposed to be conducted hereafter, except to the extent that the failure to have such rights would not have or be reasonably expected to have a Material Adverse Effect.

5.15 Plan Assets; Prohibited Transactions. Neither the signing of this Agreement nor the making of Loans gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code. During the last ten (10) years, no Reportable Event has occurred with respect to any Plan that has not been timely cured with any Lien imposed as a result thereof fully released of record. The Credit Parties have (i) fulfilled all their obligations under the funding standards of ERISA and the Code and (ii) are in compliance in all material respects with the applicable ERISA and Code provisions with respect to each Plan. During the

last ten (10) years, there have not been any nor are there now existing any events or conditions that would permit any Plan to be terminated under circumstances which would cause the lien provided under Section 4068 of ERISA to attach to the assets of the Credit Parties or any of the Subsidiary Guarantors. No Credit Party has (i) sought any waiver of the minimum funding standard under Section 412 of the Code, (ii) failed to make any contribution or payment to any Plan, or made any amendment to any Plan, which has resulted or could reasonably be expected to result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Code, or (iii) incurred any liability under Title IV of ERISA.

5.16 Environmental Matters. Except as set forth on Schedule 4:

- (i) To the best of the Credit Parties' knowledge and belief after diligent inquiry, each Property owned, leased or operated by the Credit Parties do not contain, and during their period of ownership, lease or operation of such Property, have not previously contained, any Materials of Environmental Concern which are currently a concern, in amounts or concentrations which (i) currently constitute or constituted a violation of, or (ii) under current law could give rise to liability under, any Environmental Law, except in either case insofar as the violation or liability, individually or collectively, is not reasonably likely to result in a Material Adverse Effect.
- (ii) To the best of the Credit Parties' knowledge and belief after diligent inquiry, each Property and all their operations at such Property are in compliance in all material respects, and have, for the lesser of the last five years or for the duration of, their ownership, lease, or operation by the Credit Parties, been in compliance in all material respects with all applicable Environmental Laws, and there is no current contamination by Materials of Environmental Concern at, under or about such Property or violation of any Environmental Law with respect to such Property or the business operated by the Credit Parties or any of their Subsidiaries (collectively, the "Business") which either has not been remediated (or is not in the process of being remediated) or could materially interfere with the continued operation of the Properties or materially impair the fair saleable value thereof.
- (iii) None of the Credit Parties has received any written notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with applicable Environmental Laws with regard to any Property or the Business, except in all cases insofar as the notice individually or collectively, does not involve a matter or matters that is or are reasonably likely to result in a Material Adverse Effect.
- (iv) To the best of the Credit Parties' knowledge and belief, Materials of Environmental Concern have not been transported or disposed of from any Property in violation of, or in a manner or to a location which could give rise to liability under, any Environmental Law, nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any Property in violation of, or in a manner that could give rise to liability under, any applicable Environmental Law except in each case insofar as any violation or liability

referred to in this subsection, individually or collectively, is not reasonably likely to result in a Material Adverse Effect.

- (v) No judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Credit Parties, threatened, under any Environmental Law to which the Credit Parties are or will be named as a party with respect to each Property or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to each Property or the Business, except in each case insofar as those proceeding, action, decree, order or other requirement, individually or collectively, is not reasonably likely to result in a Material Adverse Effect.
- (vi) To the best of the Credit Parties' knowledge and belief after diligent inquiry, there has been no release or, to the best of Credit Parties knowledge and belief, threat of release of Materials of Environmental Concern at or from any Property, or arising from or related to the operations of the Borrower in connection with any Property or otherwise in connection with the Business, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws, except in each case insofar as any violation or liability referred to in this subsection, individually or collectively, is not reasonably likely to result in a Material Adverse Effect.

5.17 Names and Places of Business. No Credit Party has, during the preceding five years, had, been known by, or used any other trade or fictitious name. The chief executive office and principal place of business of each Credit Party are located at the address of the Credit Parties specified in Section 15.1.

5.18 Possession of Franchises, Licenses The Credit Parties have in their possession, or have timely applied for, all franchises, certificates, licenses, permits and other authorizations from governmental political subdivisions or regulatory authorities, that are necessary in any material respect for the ownership, maintenance and operation of each Property, and none of the Credit Parties is in violation of any thereof in any material respect.

5.19 Rate Management Transactions. As of the date of this Agreement, Schedule 5 sets forth a true and complete list of all current Rate Management Transactions (including contracts of sale which provide for prepayment for deferred shipment or delivery of oil, gas or other commodities) of the Credit Parties and their counterparties.

5.20 Insurance. The insurance certificate provided under Section 4.1(viii) contains an accurate and complete description of all material policies of fire, liability, workmen's compensation and other forms of insurance owned or held by the Credit Parties. All such policies are in full force and effect, all premiums with respect thereto covering all periods up to and including the date of this Agreement have been paid, and no notice of cancellation or termination has been received with respect to any such policy. Such policies are sufficient for compliance with all applicable requirements of law and of all agreements to which any Credit Party is a party; are valid, outstanding and enforceable (subject to Enforceability Exceptions) policies; Borrowers will take no action to terminate the policies earlier than the respective dates

set forth in such insurance certificate; and will not in any way be affected by, or terminate or lapse by reason of, the transactions contemplated by this Agreement. Except as disclosed by Unit in writing to the Administrative Agent, none of the Credit Parties have been refused any insurance with respect to its material assets or operations, nor has its coverage for its material assets been limited below usual and customary policy limits, by an insurance carrier to which it has applied for any such insurance or with which it has carried insurance during the last three years.

5.21 Solvency. The Borrowers and their Subsidiaries (and with respect to their Subsidiaries, after taking into account each Subsidiary's rights of contribution), on a consolidated basis, are not insolvent, the Borrowers' and its Subsidiaries' assets (and with respect to their Subsidiaries, after taking into account each Subsidiary's rights of contribution), on a consolidated basis, exceed their liabilities, and neither the Borrowers nor any of their Subsidiaries (and with respect to their Subsidiaries, after taking into account each Subsidiary's rights of contribution) will be rendered insolvent by the execution and performance of this Agreement and the Loan Documents.

5.22 EEA Financial Institutions. No Credit Party is an EEA Financial Institution.

5.23 Investment Company Act. No Credit Party is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

5.24 Beneficial Ownership Certification. As of the Fifth Amendment Effective Date, the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

5.25 Maturity Date of Existing Permitted Subordinated Notes The scheduled maturity date of those existing Permitted Subordinated Notes issued pursuant to the Permitted Existing Indenture is May 15, 2021.

ARTICLE 6

AFFIRMATIVE COVENANTS

During the term of this Agreement, unless the Required Lenders will otherwise consent in writing:

6.1 Reports. Unit will maintain and furnish to the Administrative Agent:

- (i) Within 80 days after the close of each of its fiscal years, the financial statements of Unit and its Consolidated Subsidiaries, together with an unqualified audit report certified by Unit's independent certified public accountants, prepared in accordance with GAAP on a consolidated basis, including a balance sheet as of the end of such period and statements of operations, stockholders equity and cash flows for such period;
- (ii) Within 45 days after the close of the first three quarterly periods of each of its fiscal years, consolidated unaudited balance sheets as at the close of each such period and statements of operations, stockholders equity and cash flows for the

period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer;

- (iii) Together with the financial statements required under Sections 6.1(i) and (ii), (a) copies of all certifications made by officers of Unit to the SEC in connection with such financial statements, (b) a compliance certificate substantially in the form of Exhibit B executed by Unit's chief financial officer showing the calculations necessary to determine compliance with this Agreement and stating that no Default or Event of Default exists, or if any Default or Event of Default exists, stating the nature and status of that Default or Event of Default, and (c) a summary of Rate Management Transactions (itemized by term or duration of hedge (i. e. itemized by each calendar year) categorized by oil, gas and ngl) to which any Credit Party is a party on such date;
- (iv) As soon as practicable and in any event within 10 days after the Credit Parties know that a Reportable Event has occurred with respect to any Plan, a statement, executed by the chief financial officer of Unit, describing the Reportable Event and a summary of the action which the Credit Parties propose to take or have taken regarding the Reportable Event and prompt written notice of the amendment, modification or termination of any Rate Management Agreement or the termination of any Rate Management Transaction;
- (v) As soon as practicable and in any event within 10 days after receipt by the Credit Parties, a copy of (a) any notice or claim to the effect that the Credit Parties is or may be liable to any Person as a result of the release by the Credit Parties, or any other Person of any toxic or hazardous waste or substance into the environment, and (b) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by the Credit Parties, which, in either case, could reasonably be expected to have a Material Adverse Effect;
- (vi) To the extent not publicly filed with the SEC, copies of all financial statements, reports and proxy statements so furnished to Unit's stockholders;
- (vii) By March 1 of each year (commencing March 1, 2019), an Engineering Report prepared as of the prior December 31, by petroleum engineers who are employees of Credit Parties and audited by Ryder Scot Company, or any other firm of independent petroleum engineers chosen by Unit and reasonably acceptable to the Administrative Agent. The reserve report will pertain to all Oil and Gas Properties and interests owned by any Credit Parties and their Subsidiaries located in the United States and which have attributable to their proved oil or gas reserves. The reserve audit described above will encompass a review of the reserves associated with Oil and Gas Properties comprising at least 80% of the value stated in the report. The report will be satisfactory to Administrative Agent, will contain sufficient information to enable Credit Parties to meet the reporting requirements concerning oil and gas reserves contained in Regulations S-K and S-X promulgated by the SEC, will take into

account any "over/under produced" status under gas balancing arrangements, and will contain information and analysis comparable in scope (subject to changes necessary to comply with future laws) to that contained in the Engineering Report previously furnished to the Administrative Agent;

- (viii) By September 1 of each year (commencing September 1, 2019), and promptly following notice of a Special Redetermination under Section 2.6, an Engineering Report prepared as of the preceding June 30 (or the last day of the prior calendar month in the case of an additional redetermination) by petroleum engineers who are employees of Credit Parties, together with an accompanying report on property sales, property purchases and changes in categories, both in the same form and scope as the reports in (vii) above;
- (ix) By March 1st and September 1st of each year, beginning March 1, 2019, a report describing the gross volume of production and sales attributable to production during the prior six-month period from the properties described in the Engineering Report in Section 6.1(vii) or Section 6.1(viii) and describing the related severance taxes, other taxes, and leasehold operating expenses, together with the following internally prepared and generated information and data concerning the Borrowers and their Subsidiaries: (i) most recent three (3) year historical volumes produced and cash flows, (ii) summary of material contracts and calculation of third party payments (i. e., processing fees, keepwhole or percentage of proceeds contracts) and (iii) budget for its current fiscal year, each in form, scope and substance reasonably acceptable to the Administrative Agent including such accurate volume and production information as necessary for review and confirmation by the Administrative Agent's engineers; and
- (x) Any other information (including non-financial information) as the Administrative Agent or any Lender may from time to time reasonably request.

6.2 Use of Proceeds. Credit Extension proceeds will be used, as necessary, (i) to arrange for the refinancing of any Original Indebtedness and the commitments issued in the Original Credit Agreement, (ii) to provide financing for general working capital requirements for (a) exploration, development, production and acquisition of Oil and Gas Properties, (b) acquisitions and operation of midstream assets, (c) issuance of standby Letters of Credit and, (d) contract drilling services, and (iii) for general corporate purposes of the Borrowers.

6.3 Notice of Default. Unit will give prompt notice in writing to the Lenders of the occurrence of any Default known to it and of any other development, financial or otherwise, known to it which could reasonably be expected to have a Material Adverse Effect.

6.4 Conduct of Business. Except as otherwise permitted under Section 7.3, the Credit Parties will conduct their respective business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent the concept applies to the entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite

authority to conduct its business in each jurisdiction in which its business is conducted, except only where the failure to so qualify could not reasonably be expected to have or result in a Material Adverse Effect.

6.5 Taxes. The Credit Parties will, timely file complete and correct United States federal and applicable foreign, state and local Tax returns required by law and pay, when due, all Taxes on it or its income, profits or Property, except any material Taxes which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been provided in accordance with GAAP.

6.6 Insurance. The Credit Parties will, maintain with, to the best of Unit's knowledge and belief, financially sound and reputable insurance companies insurance on their Property in amounts and covering those risks consistent with their prior reasonable and prudent business practices. On or prior to the initial Credit Extension and thereafter on reasonable written request from the Administrative Agent, Unit will furnish to any Lender information as to the insurance carried.

6.7 Compliance With Laws. The Credit Parties will, comply, in all material respects, with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including, without limitation, all Environmental Laws.

6.8 Maintenance of Properties. The Credit Parties will do all things reasonably necessary, consistent with their prior prudent practices, to maintain, preserve, protect and keep their respective Property in good repair, working order and condition, ordinary wear and tear excepted and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection with those Properties may be conducted consistent with the Credit Parties' prior customary business practices.

6.9 Inspection. The Credit Parties will permit the Administrative Agent and the Lenders, by their respective representatives, to inspect any of the Property, books and financial records of the Credit Parties, exclusive of records subject in good faith to attorney work product or privileged communications rules and standards, to examine and make copies of the books of accounts and other financial records of the Credit Parties, and to discuss the affairs, finances and accounts of the Credit Parties with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Administrative Agent or any Lender may designate. Any inspection by a Lender of the Property of the Credit Parties will be at the sole risk and liability of such Lender.

6.10 Compliance with OFAC Rules and Regulations; Beneficial Ownership Certificate.

(a) To the knowledge of the Borrowers, none of the Borrowers or any of its Subsidiaries or their respective directors, officers, employees and agents is in violation of (or will take any action that would violate) any of the country or list based economic and trade sanctions administered and enforced by OFAC that are described or referenced at <http://www.ustreas.gov/offices/enforcement/ofac/> or as otherwise published from time to time;

(b) None of the Borrowers or any of its Subsidiaries or, to the knowledge of the Borrowers, their respective directors, officers, employees and agents (i) is a Sanctioned Person, (ii) has more than 10% of its assets located in Sanctioned Countries, or (iii) derives more than 10% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries;

(c) No Credit Party has heretofore or will hereafter knowingly become associated with or act or behalf of any Person that: (i) has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) offered, paid, given, promised to pay, authorized the payment of, or taken any action in furtherance of the payment of anything of value directly or indirectly to a Government Authority or any other Person to improperly influence the recipient's action or otherwise to obtain or retain business or to secure an improper business advantage; or (iii) violated or is in violation of any provision of any Anti-Corruption Law;

(d) Each Credit Party has implemented and maintains in effect policies and procedures designed to promote compliance by such Credit Party and its respective directors, officers and employees with Anti-Money Laundering Laws, Anti-Corruption Laws and applicable Sanctions, and each Credit Party and their respective officers and employees and, to the knowledge of each such Loan Party, its directors, are in compliance with all Anti-Money Laundering Laws, Anti-Corruption Laws and all applicable Sanctions in all material respects. No Advance, other borrowing or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement or the other Loan Documents will violate any Anti-Money Laundering Laws, any Anti-Corruption Laws, or any applicable Sanctions; and

(e) Promptly following any request therefor, each Credit Party shall provide information and documentation reasonably requested by the Administrative Agent for purposes of compliance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act and the Beneficial Ownership Regulation.

6.11 Pledged Collateral.

(a) Subject to clause (c) below, the applicable Borrowers shall execute and deliver to the Administrative Agent as additional security for the Obligations (and, if necessary, shall cause any Subsidiary and each other applicable Person that is Affiliated with any Person comprising the Borrowers and any Subsidiary, as applicable, to execute and deliver to Administrative Agent), the following additional Loan Documents and any related information and materials, and Borrowers shall pay all costs and expenses in connection with Administrative Agent negotiation, enforcement, amendment, administration, filing and recording any such Security Instrument (including, without limitation, any mortgage or intangible tax) and reviewing and evaluating any such related information and materials:

(i) one or more Mortgages (whether new, supplemental, or otherwise) encumbering Oil and Gas Properties of the Credit Parties and granting the Administrative Agent (on behalf of the Lenders) a first-priority Lien interest (subject only to Permitted Encumbrances) therein such that after giving effect thereto, the mortgaged Oil and Gas Properties will at all times satisfy and remain in compliance with the Applicable Mortgage Threshold respecting those Oil and Gas Properties evaluated in the most recently completed reserve report or engineering report (as applicable), after giving effect to exploration and production activities, acquisitions, dispositions and production, all as determined by Administrative Agent in accordance with Administrative Agent's then-current practices, economic and pricing parameters, methodology, assumptions, and prudent oil and gas banking industry standards established by Administrative Agent from time to time for its petroleum industry customers. All such Liens will be created and perfected by and in accordance with the provisions of the Mortgages and UCC financing statements, all in form and substance reasonably satisfactory to the Administrative Agent and in sufficiently executed (and acknowledged where necessary or appropriate) counterparts for recording purposes with accurate and complete legal descriptions (which instruments Administrative Agent shall then cause to be recorded, at Borrowers' cost, including recording taxes and/or fees, in all applicable jurisdictions as determined by Administrative Agent); provided, however, that notwithstanding any provision in any Mortgage or any other Loan Documents to the contrary, in no event is any Building (as defined in the applicable Flood Insurance Regulations) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Regulations) owned by any Borrower included as Property encumbered by any Mortgage or any other Security Instrument; provided further, that (A) the applicable Borrower's interests in all lands and Hydrocarbon Interests situated under any such Building or Manufactured (Mobile) Home shall be included as Property encumbered by all applicable Mortgages and other Security Instruments, and (B) the Borrowers shall not, and shall not permit any of its Subsidiaries to, permit to exist any Lien on any such Building or Manufactured (Mobile) Home except Permitted Encumbrances;

(ii) all documents, if any, required by the applicable jurisdictions for filing in connection with the recording of any such Mortgage(s);

(iii) all title information and materials respecting the Oil and Gas Properties that will be encumbered by any such Mortgage(s). Borrowers shall at all times, promptly following Administrative Agent's request, provide Administrative Agent access to all title opinions, assurances or such other reasonable title information and data requested by and/or reasonably acceptable to Administrative Agent to the extent related to the Oil and Gas Properties and covering enough of the Oil and Gas Properties

so that the Administrative Agent shall have received together with title information previously delivered to the Administrative Agent, satisfactory title information on at least, at all times, eighty percent (80%) of the PDP PW8 total value of the Oil and Gas Properties evaluated in the most recently completed reserve report or engineering report (as applicable). Without limitation of any of the foregoing, but in furtherance thereof, a correct, complete and accurate schedule of all additional Oil and Gas Properties that will be newly encumbered by any such new and/or supplemental Mortgage(s) as are required to be so encumbered as a post-closing obligation of Borrowers pursuant to the Fifth Amendment, is attached to and incorporated into the Fifth Amendment as **Exhibit A** thereto; and

(iv) without limitation of anything set forth in the Fourth Amendment respecting the release of the Superior LLC Pledge Instruments from and after the Superior Release Effective Date, prior to the Fifth Amendment Effective Date, Unit shall have executed and delivered the 2018 Pledge Agreement (and shall have caused Superior LLC to execute and deliver the applicable exhibit instruments attached to and as contemplated by the 2018 Pledge Agreement), and Unit hereby authorizes the Administrative Agent to file the 2018 UCC, pursuant to which 2018 Superior Pledge Instruments Unit shall have granted and pledged in favor of Administrative Agent (for the ratable benefit of the Lenders) first-priority liens and security interests encumbering (i) all of Unit's Equity Interests then owned and/or thereafter acquired in and to Superior LLC (as that interest maybe increased or decreased from time to time in accordance with the Amended and Restated Limited Liability Company Agreement for Superior Pipeline Company, L.L.C. effective April 1, 2018) (which, as of the Fifth Amendment Effective Date, comprises fifty percent (50%) of the aggregate outstanding Equity Interests held at such time in Superior LLC by all Persons holding any such Equity Interests), together with (ii) all of Unit's related rights, title and interests in and to all corresponding distributions, profits and proceeds arising therefrom, all as more particularly described within the 2018 Superior Pledge Instruments.

(b) Subject to clause (c) below, in connection with each redetermination of the Borrowing Base, the Administrative Agent shall review the reserve report or engineering report (as applicable) and the list of current mortgaged Oil and Gas Properties to ascertain and determine (in accordance with Administrative Agent's then-current practices, economic and pricing parameters, methodology, assumptions, and prudent oil and gas banking industry standards established by Administrative Agent from time to time for its petroleum industry customers) whether the Borrowers are then in compliance with the Applicable Mortgage Threshold. In the event that the mortgaged Oil and Gas Properties are not then in compliance with the Applicable Mortgage Threshold, then the Borrowers shall, and, if necessary, shall cause the Subsidiaries or any such other

Persons to, grant to the Administrative Agent, within thirty (30) days after written request from Administrative Agent as security for the Obligations a first-priority Lien (subject only to Permitted Encumbrances) interest or additional Oil and Gas Properties of the Credit Parties not already subject to a Lien of the Security Instrument such that after giving effect thereto, the Borrowers are in compliance with the Applicable Mortgage Threshold. All such Liens will be created and perfected by and in accordance with the provisions of Mortgages or other Security Instruments, all in form and substance reasonably satisfactory to the Administrative Agent and in sufficient executed (and acknowledged where necessary or appropriate) counterparts for recording purposes.

(c) Notwithstanding the foregoing, the Credit Parties' obligations under this Section 6.11 shall not apply during any period in which Unit is in compliance with the Ratings Requirement. Borrowers' shall have the right to request Administrative Agent, at Borrowers' sole cost and expense, to release and/or terminate any Security Instrument outstanding during any period in which Borrowers are in compliance with the Ratings Requirement and, so long as no Event of Default exists and Borrowers are in compliance with the Rating Requirement as of the date of such request and as of the effective date of such release and/or termination, Administrative Agent shall record and/or file such termination or otherwise cause such release to occur, provided, in the event at any time from and after such release and/or termination, Borrowers' fail to satisfy (or remain in compliance with) the Ratings Requirement, Borrowers shall, within thirty (30) days after notice thereof, execute and deliver (or cause to be executed and delivered) all such Security Instruments as are required under clauses (a) and (b) above as security for the Obligations. The rights granted the Credit Parties under this section will be available from time to time to the extent Unit satisfies the Ratings Requirement.

(d) Any material failure by Borrowers or any other Credit Party or Person to timely perform and comply with the covenants and requirements as set forth in this Section 6.11 shall constitute an Event of Default under Section 10.1 of this Agreement, provided, for purposes hereof, any failure by any Borrower, other Credit Party or other Person to provide all information and materials respecting the Oil and Gas Properties that will be encumbered by such Mortgage(s) (including, without limitation, legal descriptions) or other information necessary for Administrative Agent to properly record the Mortgage(s) within 45 days following the Fifth Amendment Effective Date (as such 45 days may be extended by Administrative Agent in its sole discretion) shall constitute a material failure under this Agreement.

ARTICLE 7

NEGATIVE COVENANTS

During the term of this Agreement, unless the Required Lenders will otherwise consent in writing:

7.1 Dividends. The Borrowers will not, nor will they permit any other Credit Party to, declare or pay any dividends or make any distributions on its capital stock (other than dividends payable in their own capital stock) or redeem, repurchase or otherwise acquire or retire any of its capital stock at any time outstanding, including within the scope of such prohibition, any such dividends or distributions of whatever kind or type, contemplated above to any Notes Indenture Additional Parties; provided, however, that (i) any Subsidiary may declare and pay dividends or make distributions to, or redeem, purchase or otherwise acquire or retire any of its capital stock from, Unit or any other Subsidiary (other than, and expressly excluding, the Notes Indenture Additional Parties, unless Borrowers shall have first obtained Administrative Agent's prior written consent, in its sole discretion); provided that, if such Subsidiary taking such action is not a Wholly-Owned Subsidiary, such dividend, distribution, redemption, purchase, acquisition or retirement shall be made on a pro rata basis (or with respect to Unit or its Subsidiaries, better than a pro rata basis), and (ii) Unit may declare and pay dividends with respect to its capital stock payable solely in additional shares of its capital stock (other than Disqualified Stock); provided further, if no Default, Event of Default or Deficiency has occurred and continues in effect or remains uncured or will result from or be caused by such dividend or distribution, then additionally (i) during any fiscal year Unit may pay cash dividends in amounts not exceeding thirty (30%) of its Consolidated Net Income (after taxes) for the preceding fiscal year, and (ii) Unit may make any purchases of its outstanding common stock under a stock repurchase program approved by the Unit Board of Directors and conducted in compliance with the applicable rules and regulations of the SEC.

7.2 Indebtedness. The Borrowers will not, nor will they permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

- (i) The Loans and the LC Obligations (including all Reimbursement Obligations);
- (ii) Indebtedness (including Contingent Obligations) existing on the Fifth Amendment Effective Date and described in the Disclosure Schedule that is attached to the Fifth Amendment; provided, however, that, if the Borrowers do timely issue Initial Permitted Senior Notes in accordance with Section 7.2(ix)(a), then the amount of Indebtedness permitted to be outstanding pursuant to this Section 7.2(ii) consisting of the Permitted Subordinated Notes issued pursuant to the Permitted Existing Indenture will be reduced on a dollar-for-dollar basis for each dollar of Initial Permitted Senior Notes issued (it being understood that any Indebtedness that is in the process of being redeemed shall not be deemed to be outstanding for these purposes); and, provided, further, however, that all Indebtedness permitted to be outstanding pursuant to this Section 7.2(ii) (including such Permitted Subordinated Notes issued pursuant to the Permitted Existing Indenture) shall, at all times, remain subject to the applicable terms, conditions, restrictions and limitations as set forth in Section 7.2(ix), including (after giving effect to the incurrence of any such Indebtedness permitted by Section 7.2(ix)) the \$950,000,000 maximum aggregate principal cap imposed on all Indebtedness as permitted pursuant to Sections 7.2(ix)(a) and (b), and all Indebtedness permitted pursuant to this Section 7.2(ii) shall be deemed to be included under and subject to said aggregate cap, on a dollar-for-dollar basis;

- (iii) Indebtedness arising under Financial Contracts permitted by Section 7.9;
- (iv) Contingent Obligations permitted by Section 7.8;
- (v) non-recourse Indebtedness in a restricted or special purpose Subsidiary (for which consent of the Required Lenders must be obtained) and as to which none of the Credit Parties (i) provides any guaranty or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (ii) is directly or indirectly liable (as a guarantor or otherwise); provided, that after giving effect to such Indebtedness outstanding from time to time, the Credit Parties are not in violation of any of the financial covenants of Article 8;
- (vi) normal and ordinary course trade Indebtedness and customary obligations relating to the operation of oil and gas producing properties, drilling rigs and gathering and processing systems and midstream asset operations which are not greater than 90 days past invoice or delinquent or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP;
- (vii) Indebtedness not in excess of \$20,000,000 in total;
- (viii) lease obligations (including building and office leases and leases for equipment) which would cause the aggregate amount of all rental payments in any calendar year to be greater than \$20,000,000;
- (ix) (a) Permitted Senior Notes in a maximum aggregate principal amount outstanding at any time not to exceed \$675,000,000; provided that the issuance of the Initial Permitted Senior Notes occurs on or before November 15, 2020; and provided, further, that the Borrower is, both immediately before and after any such issuance, in compliance with all applicable covenants in both the Loan Documents and the Permitted Senior Notes Indenture; and provided, further, in each case, that scheduled payments of accrued interest on such Permitted Senior Notes may not be required more frequently than once every six (6) calendar months. Without limitation of any of the foregoing as more particularly set forth within the preceding first sentence of this Section 7.2(ix)(a), if the Borrowers fail to timely issue the Initial Permitted Senior Notes in accordance herewith, then: (X) the Borrowers shall not thereafter be permitted to issue any (i) Indebtedness pursuant to this Section 7.2(ix)(a) or otherwise under any Permitted Senior Note, or (ii) new Subordinated Debt pursuant to Section 7.2(ix)(b) below; and (Y) the preceding first sentence within this Section 7.2(ix)(a), together with all of Section 7.2(ix)(b) below, shall be deemed to have been automatically rendered null, void, inoperative and of no further force and effect, *ab initio*;
- (b) Subject to Section 7.2(ix)(a) and to Section 7.2(ii), respectively, Subordinated Debt, including permitted Subordinated Debt that is convertible to

Equity Interests in a Credit Party, provided that the maximum aggregate principal amount of all such Indebtedness arising under this clause (b) shall not at any time exceed \$275,000,000;

(c) any Indebtedness which is incurred or issued in exchange for, or the net proceeds of which are used to extend, refinance, repay, renew, replace (whether or not contemporaneously), defease, discharge, redeem, or refund: (X) any Indebtedness outstanding under clauses (a), (b) or (c) of this Section 7.2(ix); or (Y) if Section 7.2(ix) (a) and (b) are rendered null, void, inoperative and of no further force and effect in accordance with their terms, then any Indebtedness outstanding under Section 7.2(ii); *provided that* at the time of incurring any such Indebtedness, no Default, Event of Default or Deficiency shall have occurred and be continuing, and no Default, Event of Default or Deficiency would result from the incurrence of any such Indebtedness after giving effect thereto (after giving effect to any substantially concurrent repayment of Indebtedness with the proceeds of such incurrence), *and provided, further, that* (i) the maximum aggregate principal amount of such refinancing Indebtedness (or if such permitted refinancing Indebtedness is issued at a discount, the initial issuance price of such permitted refinancing Indebtedness) does not exceed the then outstanding principal amount of the Indebtedness so exchanged for, extended, refinanced, repaid, renewed, replaced, defeased, discharged, redeemed, or refunded (plus the amount of any premiums and accrued interest paid and fees and expenses incurred in connection therewith); (ii) such permitted refinancing Indebtedness has a stated maturity no earlier than six (6) months after the Facility Termination Date (as the same may hereafter be amended or extended in accordance with this Agreement); (iii) no scheduled principal payments or mandatory prepayments or redemptions (other than usual and customary mandatory prepayments or redemptions required in connection with (1) change of control events, and (2) asset dispositions) are required under such permitted refinancing Indebtedness prior to the date that is six (6) months after the Facility Termination Date (as the same may hereafter be amended or extended in accordance with this Agreement) (excluding, for the avoidance of doubt, redemptions permitted under the terms and conditions of Section 7.13(i)); (iv) scheduled payments of accrued interest on such refinancing Indebtedness may not be required more frequently than once every six (6) calendar months; (v) such permitted refinancing Indebtedness does not contain terms, covenants or events of default that, taken as a whole, are materially more restrictive on the Credit Parties (as reasonably determined by Administrative Agent in advance) than those in this Agreement or the other Loan Documents or, until the Initial Permitted Senior Notes are issued, the Permitted Existing Indenture and, thereafter, the indenture governing the Initial Permitted Senior Notes; (vi) such permitted refinancing Indebtedness and any guarantee in respect thereof is unsecured at all times; (vii) no later than the date of issuance of such refinancing Indebtedness, Borrowers shall deliver a written notice to the Administrative Agent as to the issuance of such permitted refinancing Indebtedness specifying the Indebtedness so exchanged for, extended, refinanced, repaid, renewed, replaced, defeased, discharged, redeemed or refunded; and (viii) no Person may

so guarantee any of the Indebtedness permitted under clauses (a), (b) and/or (c) of this Section 7.2(ix) unless such Person is also a Subsidiary Guarantor of the Obligations secured by the Loan Documents;

(d) With respect to any Indebtedness described in any of Section 7.2(ix) (a), (b) and/or (c), and as a condition thereto: (i) at the time of incurring any such Indebtedness, no Default, Event of Default or Deficiency shall have occurred and be continuing, and no Default, Event of Default or Deficiency would result from the incurrence of any such Indebtedness after giving effect thereto (after giving effect to any substantially concurrent repayment of Indebtedness with the proceeds of such incurrence); (ii) no such Indebtedness has any scheduled amortization prior to six (6) months after the Facility Termination Date (as the same may hereafter be amended or extended in accordance with this Agreement); (iii) no such Indebtedness may have a stated maturity sooner than six (6) months after the Facility Termination Date (as the same may hereafter be amended or extended in accordance with this Agreement); (iv) the other material terms, covenants and events of default of all such Indebtedness shall not be materially more restrictive, taken as a whole (as reasonably determined by the Administrative Agent in advance), than the terms of this Agreement or the other Loan Documents or, until the Initial Permitted Senior Notes are issued, the Permitted Existing Indenture and, thereafter, the indenture governing the Initial Permitted Senior Notes; (v) except to the extent otherwise expressly provided for in Section 2.6.8 with respect to the Initial Permitted Senior Notes and any Permitted Refinancing Notes (but excluding in all events any subsequent issuance, incurrence, refinancing, renewal, defeasance, refund or redemption (other than redemptions permitted under the terms and conditions of Section 7.13(i)) of any such Indebtedness at any time after such initial issuance, other than any Permitted Refinancing Notes), the Borrowing Base shall be automatically adjusted as provided in Section 2.6.8 and the Borrowers shall make any prepayment required under Section 2.8.2; and (vi) any guarantee of any such Indebtedness shall comply with all of the applicable terms and conditions set forth in clause (e) of this Section 7.2(ix); and

(e) without limitation of anything set forth in preceding clauses (a), (b) or (c) of this Section 7.2(ix), and in addition thereto, any Indebtedness constituting guarantees by Persons of Indebtedness permitted under clauses (a), (b) and/or (c) of this Section 7.2(ix) or Section 7.2(ii) is also permitted under this Section 7.2(ix) (e); *provided that*: no Person may so guarantee any of such Indebtedness permitted under clauses (a), (b) and/or (c) of this Section 7.2(ix) or Section 7.2(ii) unless such Person is also a Credit Party (or, with respect to the Indebtedness under any notes issued pursuant to the Permitted Existing Indenture only (and excluding any refinancing or replacement thereof) unless such Person is a Notes Indenture Additional Party).

(x) usual and customary insurance premiums financed in the normal course of business;

- (xi) Indebtedness regarding self-insured liabilities, including retentions under insurance policies;
- (xii) miscellaneous items of unsecured Indebtedness (excluding, and in addition to, the Permitted Senior Notes and the Permitted Subordinated Notes, respectively) not described in subsections (i) through (xi) above which do not in the aggregate (taking into account all such Indebtedness of the Credit Parties) exceed \$40,000,000 at any one time outstanding; and
- (xiii) extensions, renewals and replacements of any of the foregoing described Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decreased remaining weighted average life to maturity thereof or violate any of the other applicable terms, conditions, limitations or restrictions as may be set forth in this Section 7.2 with respect to such Indebtedness;

7.3 Limitation on Fundamental Changes Borrowers will not enter into (nor permit any other Credit Party to enter into) any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of all or substantially all of its property, businesses and assets, or make any material change in its present method of conducting business, except:

- (i) any Subsidiary of a Credit Party may be merged, consolidated or with or into such Credit Party (provided that such Credit Party will be the continuing or surviving business entity or other entity) or with or into any one or more wholly owned Subsidiaries of the Credit Party that is a Borrower or Subsidiary Guarantor (provided that the wholly owned Borrower or Subsidiary Guarantor will be the continuing or surviving business entity or other entity);
- (ii) any Wholly Owned Subsidiary of a Credit Party may convey, sell, lease, assign, transfer or otherwise dispose of any or all of its properties, business and assets (on voluntary liquidation or otherwise) to or liquidate, wind up or dissolve into, such Credit Party or any other Wholly Owned Subsidiary of such Credit Party that is a Borrower or Subsidiary Guarantor; and
- (iii) so long as no Default, Event of Default or Deficiency will exist or be caused as a result, a Person may be merged, consolidated or amalgamated with or into a Borrower or a Subsidiary Guarantor so long as the Borrower or Subsidiary Guarantor, as applicable, is the continuing or surviving business entity or other entity.

7.4 Sale of Property. The Borrowers will not (nor will they permit any other Credit Party to) lease, sell or otherwise dispose of its Property to any other Person, except:

- (i) sales of inventory in the ordinary course of business or the sale of other assets not included in the Borrowing Base and not in excess of \$125,000,000 in total from the effective date of this Agreement; provided further, however, in no event shall any drilling rigs or such other assets of any of the Credit Parties be

sold or otherwise disposed of after the occurrence of a Default, an Event of Default or a Deficiency that remains uncured or would be caused by or result from such sale or disposition without the prior written consent of the Required Lenders, and, in such event, the net proceeds of such sale or disposition of drilling rigs and such other assets shall be applied as a mandatory principal prepayment of the Loans;

- (ii) dispositions of equipment and other personal property that is replaced by equivalent property or consumed in the normal operation of the Property of the respective Credit Parties;
- (iii) dispositions of a portion of its Property in connection with operating agreements, farmouts, farmins, joint exploration and development agreements and other agreements customary in the oil and gas industry that are entered into for the purposes of developing its Property and under which it receives relatively equivalent consideration;
- (iv) leases, sales or other dispositions of its Property that, together with all other Property of the Credit Parties and their Subsidiaries previously leased, sold or disposed of (other than (i), (ii) and (iii) above and clauses (v) and (vi) below) as permitted by this Section 7.4 during the period since the most recent Determination Date, do not, together with any Financial Contract concerning hedged production that is unwound or otherwise modified or liquidated prior to scheduled termination to the extent included in the estimated future price of production from the Borrowing Base Properties in the calculations of the Borrowing Base as of such Determination Date under Section 2.6, constitute more than fifteen percent (15%) of the Borrowing Base as determined by Administrative Agent, such amount being promptly furnished to Unit by the Administrative Agent; further provided, however, to the extent such total consideration for the sum of all asset sales or other dispositions of Properties plus any such unwound or liquidated commodity hedge contracts, in excess fifteen percent (15%) of the Borrowing Base during any period between Scheduled Redetermination Dates, such sale or disposition shall be permitted hereby and the Required Lenders will have the option to reduce the Borrowing Base by the amount equal to the reduction in the Borrowing Base attributable to the sum of the Properties so disposed plus unwound commodity hedge contracts and, further, provided, that any resulting Deficiency (as defined in Section 2.6.7) must be cured by the Borrowers in compliance with Section 2.8.2;
- (v) Hydrocarbon Interests to which no proved reserves of Hydrocarbons are properly attributed; and
- (vi) leases, sales or other dispositions permitted under Section 7.3(ii).

7.5 Investments and Acquisitions. The Borrowers will not (nor will they permit any other Credit Party to) make or suffer to exist any Investments, or to make any Acquisition of any Person, except:

- (i) Cash Equivalent Investments;
- (ii) Investments between Credit Parties or in any Credit Party's Subsidiaries (other than in Notes Indentured by Credit Parties or in any Credit Party's Subsidiaries, unless Borrowers shall have first obtained Administrative Agent's prior written consent, in its sole discretion);
- (iii) (1) Investments in existence on, or contractually committed as of, the date hereof and described on the Disclosure Schedule and (2) any extensions, renewals or reinvestments thereof, so long as the aggregate amount of all Investments pursuant to this clause (iii) is not increased at any time above the amount of such Investments existing or contractually committed on the date hereof;
- (iv) Investments in associations, joint ventures, and other relationships existing as of the Fifth Amendment Effective Date (a) that are established under standard form operating agreements or similar agreements or which are partnerships for purposes of federal income taxation only, (b) that are not corporations or partnerships (or subject to the Uniform Partnership Act or other applicable state partnership act) under applicable state law, (c) which are limited partnerships formed for investment by employees and Directors of Unit and its Subsidiaries in the oil and gas exploration and development operations of Unit and its Subsidiaries, or (d) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, gathering and processing systems and midstream asset operations and in which the ownership interest of any Credit Party or its Subsidiary is no less favorable than in direct proportion to the amount of such Investment; provided, further, however, that any such Investments in any Unrestricted Subsidiaries shall be subject to the applicable terms, conditions and limitations as set forth in clause (vi) of this Section 7.5;
- (v) any Acquisition in the same line of business as, or businesses related or ancillary to, the business of the Credit Parties, provided that (i) immediately prior to and after giving effect to the Acquisition, no Default, Event of Default or Deficiency has occurred and is continuing, (ii) any Person that becomes a Subsidiary of Unit as a result of the Acquisition shall become a Subsidiary Guarantor, in accordance with and to the extent required under Section 9.1; and (iii) after taking into consideration any such Acquisition, the Credit Parties are in compliance with Article 8 hereof; and
- (vi) Investments in Unrestricted Subsidiaries, provided that, on a pro forma basis (i) the aggregate amount of all such Investments at any time outstanding do not exceed \$200,000,000 for so long as this Agreement remains in effect, (ii) no Default, Event of Default or Deficiency exists or would result from or be caused by any such Investment, and (iii) the Available Total Commitment at such time (both before and after giving effect to the making of any such Investments) is greater than or equal to twenty percent (20%) of the Aggregate Elected Commitment Amounts in effect at such time hereunder.

7.6 Liens. The Borrowers will not (nor will they permit any other Credit Party to) create, incur, or suffer to exist any Lien in, of or on the Property of the Credit Parties or any of their Subsidiaries, except:

- (i) Liens for Taxes, assessments or governmental charges or levies on its Property if the same will not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with GAAP will have been set aside on its books;
- (ii) Liens imposed by law, such as carriers', warehousemen's and mechanics' Liens and other similar Liens arising in the ordinary course of business which secure payment of obligations not more than 90 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves, in accordance with GAAP, will have been set aside on its books;
- (iii) Liens arising out of pledges or deposits under workers' compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;
- (iv) utility easements, building restrictions, servitudes, permits, conditions, covenants, exceptions or reservations and such other encumbrances or charges against any Property of the Borrowers or any Subsidiary thereof for the purpose of roads, pipelines, transmission lines, transportation lines, distribution lines for the removal of oil, gas, coal or other minerals to timber, and other like purposes, or for the joint or common use of real estate, rights of way, facilities and equipment. that do not secure any monetary obligation or which, in the aggregate, impair in any material way the use or marketability of such Property for the purposes of which such Property is held by any of the Credit Parties or their Subsidiaries or materially impair the value of such Property in the Businesses of the Credit Parties or their Subsidiaries;
- (v) Liens existing on the date hereof and described on the Disclosure Schedule;
- (vi) Liens in favor of the Administrative Agent, for the benefit of the Lenders;
- (vii) Liens on Property to secure not more than \$50,000,000 in total of the Indebtedness permitted by Sections 5.14 and 7.2(v);
- (viii) with respect to Property subject to any Loan Document, Liens burdening such Property that are expressly allowed by such Loan Document;
- (ix) Liens arising under operating agreements, unitization, pooling agreements and other agreements customary in the oil and gas industry securing amounts owed to operators and joint owners of Oil and Gas Properties that will not at the time be delinquent, or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with GAAP will have been set aside on its books;

- (x) contracts, agreements, instruments, obligations, defects and irregularities affecting the Property that individually or in total are not such as to interfere materially with the use, operation or value of the Property;
- (xi) any Lien existing on any asset prior to its acquisition by a Borrower or one of its Subsidiaries and not created in contemplation of the acquisition;
- (xii) judgment and attachment Liens not giving rise to a Default or Event of Default, provided that any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceeding may be initiated shall not have expired and no action to enforce such Lien has been commenced; and
- (xiii) Liens securing the Indebtedness permitted by Section 7.2(vii);
- (xiv) INTENTIONALLY OMITTED;
- (xv) Liens in favor of issuers of surety or performance bonds or letters of credit or bankers' acceptances issued pursuant to the request of and for the account of such Person in the ordinary course of its business;
- (xvi) Liens reserved in or exercisable under any lease, license, sublease and sublicense of Property to which any Borrower or any Subsidiary is a lessee (including, without limitation, real property and intellectual property rights) which was entered into in the ordinary course of business and which secures the payment of rent or compliance with the terms of such lease, license, sublease or sublicense; provided, that the rent under such lease, license, sublease and sublicense is not then overdue and such Borrower or such Subsidiary is in material compliance with the terms and conditions thereof
- (xvii) Liens for the purpose of securing the payment of all or a part of the purchase price of, or Capital Lease Obligations or purchase money obligations incurred to finance the acquisition, lease, improvement or construction of or repairs or additions to, Property acquired or constructed in the ordinary course of business, *provided* that such Liens are only in respect of the Property subject to, and secure only, the respective Capital Lease Obligations or purchase money obligations;
- (xviii) Liens arising solely by virtue of any statutory or common law provisions relating to customary banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution, *provided* that no such deposit account is a dedicated cash collateral account or is subject to restrictions against access by the depositor in excess of those set forth by regulations promulgated by the Board of Governors of the Federal Reserve Systems of the United States (or any successor entity and no such deposit account is intended by any Borrower or any of their respective Subsidiaries to provide collateral to the depository institution (other than for the payment of administrative fees and expenses incurred in the ordinary course of

business in connection with the maintenance of such deposit account) or any other Person (other than the Lenders or otherwise to secure the Obligations);

- (xix) Liens arising from UCC financing statement filings arising out of the Loan Documents or regarding operating leases entered into by the Borrowers and Credit Parties in the ordinary course of business, *provided*, that such Liens regarding operating leases do not secure Indebtedness of any Borrower or any Subsidiary and do not encumber any Property of any Borrower or any Subsidiary other than the Property that is the subject of such grants and leases and items located thereon;
- (xx) Liens on Property at the time Borrowers or Credit Parties acquired the Property, including any acquisition by means of a merger or consolidation with or into any Borrowers or Credit Parties, *provided* that (w) such Liens shall be created substantially simultaneously with the acquisition of the related Property, (x) such Liens do not at any time encumber any Property other than the Property financed by such Indebtedness, (y) the amount of Indebtedness secured thereby is not increased and (z) the principal amount of Indebtedness secured by any such Lien shall at no time exceed one hundred percent (100%) of the original price for the purchase of such Property at the time of purchase;
- (xxi) INTENTIONALLY OMITTED;
- (xxii) Liens on pipelines or pipeline facilities that arise by operation of law;
- (xxiii) Liens made in the ordinary course of business to secure liability to insurance carriers respecting the financing of insurance premiums;
- (xxiv) Liens securing Financial Contracts subject to Section 7.9 of the Existing Credit Agreement as amended by the Third Amendment;
- (xxv) minor defects and irregularities in title to any Oil and Gas Property, so long as such defects and irregularities do not secure Indebtedness, deprive the applicable Borrower of any material right in respect of such Oil and Gas Property or constitute a Material Adverse Effect (as determined by Administrative Agent, in its sole discretion);
- (xxvi) deposits of cash, securities or instruments (including payment or performance bonds, but excluding appeal bonds) to secure the performance of bids, trade contracts, leases, statutory obligations and other obligations of like nature incurred in the ordinary course of business;
- (xxvii) royalties, overriding royalties, reversionary interests, production payments and similar burdens respecting the Oil and Gas Properties, which do not constitute a Material Adverse Effect (as determined by Administrative Agent, in its sole discretion);

- (xxviii) sales contracts or other arrangements for the sale of oil, natural gas and other hydrocarbons in the ordinary course of business which would not (when considered cumulatively with the items referenced in clause referenced in clause (xxvii) immediately preceding) constitute a Material Adverse Effect (as determined by Administrative Agent, in its sole discretion);
- (xxix) Liens to secure plugging and abandonment obligations, which do not constitute a Material Adverse Effect (as determined by Administrative Agent, in its sole discretion);
- (xxx) other Liens (if any) expressly permitted by the Oil and Gas Mortgages; and
- (xxxi) Liens on any amounts held by a trustee under any indenture or other debt agreement issued in escrow pursuant to customary escrow arrangements pending the release thereof, or under any indenture or other debt agreement pursuant to customary discharge, redemption or defeasance provisions;
- (xxxii) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Liens referred to in (i) - (xxxi) above for amounts not exceeding the principal amount of the Indebtedness secured by the Lien so extended, renewed or replaced.

provided, in no event shall any Permitted Encumbrance encumber any Oil and Gas Property other than a Lien in favor of the Administrative Agent (on behalf of the Lenders) or as otherwise expressly permitted above.

7.7 Affiliates. The Borrowers will not (nor will they permit any other Credit Party to) enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except on terms no less favorable to the Credit Party than it would obtain in a comparable arms-length transaction, and (ii) transactions, payments or transfers permitted by Section 7.1, 7.3 or 7.5.

7.8 Contingent Obligations. The Borrowers will not (nor will they permit any other Credit Party to) make or suffer to exist any Contingent Obligation (including, without limitation, any Contingent Obligation with respect to the obligations of a Subsidiary), except (i) by endorsement of instruments for deposit or collection in the ordinary course of business, (ii) the Reimbursement Obligations, (iii) the Subsidiary Guaranty, (iv) liabilities associated or accrued for abandonment and plugging of Credit Parties' Oil and Gas Properties, (v) as general partner of the limited partnerships formed annually to allow employees and directors of Unit to participate in certain of its oil and gas exploration and production operations; (vi) existing Contingent Obligations set forth on Schedule 7 and the Disclosure Schedule, (vii) Contingent Obligations in respect of Indebtedness permitted to be incurred under Section 7.2(ix), and (viii) other Contingent Obligations not to exceed an outstanding total amount of \$50,000,000 at any time.

7.9 Financial Contracts. None of the Credit Parties will be a party to or in any manner be liable on any Financial Contract except:

- (i) contracts entered into with the purpose and effect of fixing prices on commodities expected to be produced, gathered or processed by the Credit Parties and their Subsidiaries, provided that at all times: (i) no such contract fixes a price for a term of more than 60 months (subject to the reporting requirements of Section 6.1(iii)); (ii) the total monthly volumes produced, gathered and processed covered by all such contracts for any single month does not in total exceed ninety percent (90%) of the Total Projected Proved Production (as defined below) of the Credit Parties and their Subsidiaries anticipated to be sold in the ordinary course of their businesses for such month, (iii) no such contract requires or permits the Credit Parties or any of their Subsidiaries to post or put up money, assets, letters of credit or other security or margin against the event of its nonperformance of their obligations thereunder and (iv) each such contract is with a counterparty or has a guarantor of the obligation of the counterparty who (unless such counterparty of such contract is a Lender Counterparty) at the time the contract is made has long-term obligations rated BBE or Baa2 or better, respectively, by either Moody's or S&P;

As used in this subsection, the term "Total Projected Proved Production" means the internally reasonably projected production, gathering and processing of commodities (measured by volume unit or BTU equivalent, not sales price) for the term of the contracts or a particular month, as applicable, from properties and interests owned or volumes gathered and processed (and with respect to such volumes gathered or processed, such volumes are equity volumes (i.e., the Credit Parties or their Subsidiaries have ownership or equity interests therein)) by the Credit Parties and their Subsidiaries that are located in or offshore of the United States; and

- (ii) contracts entered into by Credit Parties or their Subsidiaries effectively converting interest rates from fixed to floating, the notional amounts of which (when aggregated with all other contracts of the Credit Parties and their Subsidiaries then in effect converting interest rates from fixed to floating) do not exceed 50% of the then outstanding principal amount of the Credit Parties' Indebtedness for borrowed money which bears interest at a fixed rate and contracts entered into by Credit Parties or their Subsidiaries effectively converting interest rates from floating to fixed, the notional amounts of which (when aggregated with all other contracts entered into by Credit Parties or their Subsidiaries then in effect from floating to fixed) do not exceed 75% of the then outstanding principal amount of Credit Parties Indebtedness for borrowed money which bears interest at a floating rate; provided that no contract will be entered into by any Credit Party or its Subsidiaries for speculative purposes; and
- (iii) So long as no Event of Default shall exist either before or after giving effect to such payment or posting, the Credit Parties shall have the right to post-margin as and to the extent required under the terms of any Financial Contract with a third party counterparty which is not a Lender or an Affiliate of a Lender, provided, in

no event shall the aggregate amount of any margin or other posted security exceed \$25,000,000 at any time.

Notwithstanding the exceptions described in clauses (i) and (ii) above, in no event shall any Credit Party speculate on the movement of commodity prices, securities prices, financial markets, currency market or other items or otherwise enter into any Financial Contract for speculative purposes; provided, however nothing in this Section 7.9 shall prohibit Unit or other Credit Parties from entering into interest rate swaps or interest rate hedge transactions pursuant to which Unit hedges interest rate risk with respect to interest reasonably anticipated to be incurred under this Agreement or in compliance with Section 7.9(ii).

7.10 Letters of Credit. The Borrowers will not (nor will they permit any other Credit Party to) apply for or become liable on or in respect of any Letter of Credit other than Letters of Credit issued under this Agreement.

7.11 Prohibited Contracts. Borrowers will not (nor will they permit any other Credit Party to) enter into, create, or otherwise allow to exist any contractual or other consensual restriction on the ability of any Subsidiary of a Borrower to: (a) pay dividends or make other distributions to the Credit Parties, (b) to redeem equity interests held in it by other Credit Parties, or (c) to repay loans and other indebtedness owing by it to the Credit Parties: except (i) restrictions contained in this Agreement or the other Loan Documents, (ii) restrictions existing on the date hereof and set forth on the Disclosure Schedule and extensions, renewals or replacements thereof not expanding the scope thereof, (iii) restrictions contained in the Existing Permitted Indenture, the indenture governing the Initial Permitted Senior Notes, or in any other agreement governing or evidencing any other Indebtedness permitted under Section 7.2, provided that the restrictions contained in any such other agreement taken as a whole are not materially less favorable to the Lenders (as reasonably determined by the Administrative Agent in advance) than the restrictions contained in, until the Initial Permitted Senior Notes are issued, the Permitted Existing Indenture and, thereafter, the indenture governing the Initial Permitted Senior Notes, (iv) with respect to any Subsidiary that is not a Wholly-Owned Subsidiary, restrictions in such Subsidiary's organizational documents or pursuant to any joint venture agreement or equity holders agreement, (v) restrictions contained in any agreement in effect at the time any Person becomes a Subsidiary, so long as such agreement was not entered into in contemplation of such Person becoming a Subsidiary, (vi) restrictions created by virtue of any sale, transfer, lease or other disposition of, or any agreement with respect thereto, any specific property, assets or equity interests permitted to be so transferred under this Agreement, and (vii) in any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (i) through (vi) above; provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of Unit, no more restrictive with respect to the restrictions referred to in clauses (a) through (c) above than prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing Credit Parties.

7.12 Negative Pledge. Except only for Liens permitted by applicable subsections of Section 7.6, none of the Borrowers will (nor will they permit any other Credit Party or any Material Subsidiary thereof) cause or permit the pledging, encumbrance mortgaging, granting of

a consensual security interest or any other type of pledge, charge or imposition of a Lien against any Credit Parties' or any Subsidiaries' (i) oil and gas mining and mineral interests, rights and properties, proved, developed, producing or otherwise or (ii) any midstream assets (whether now owned or hereafter created or acquired), to the extent either clause (i) or (ii) above constitute a part of the Borrowing Base Properties, to secure any Indebtedness (including Contingent Obligations), without the prior written consent of the Administrative Agent and the Required Lenders. This covenant, to the fullest extent permitted by applicable law, will be deemed and construed as a "negative pledge" of all such assets referenced in clauses (i) and (ii) above in favor of the Administrative Agent for the benefit of the Lenders; provided, that, prior to the occurrence of a Default, Event of Default or Deficiency, the Credit Parties may continue to receive the production proceeds of the Oil and Gas Properties and revenues of their midstream assets.

7.13 Redemption of Permitted Senior Notes and Permitted Subordinated Notes; Amendments of Permitted Senior Notes Indentures and Permitted Subordinated Notes Indentures The Borrowers will not, and will not permit any Subsidiary, prior to the Facility Termination Date:

(i) call, make or offer to make any optional or voluntary redemption of or otherwise optionally or voluntarily redeem (whether in whole or in part) the Permitted Senior Notes or the Permitted Subordinated Notes: except (A) in furtherance of the incurrence of Permitted Refinancing Notes and (B) prior to November 15, 2020, on one or more occasions, but only with the Net Cash Proceeds of any sale of Equity Interests or Net Cash Proceeds of any issuance of Indebtedness pursuant to Section 7.2(ix) or Section 7.2(xiii) (or, respecting only the redemption of those certain Permitted Subordinated Notes issued under the Permitted Existing Indenture, with Loan proceeds in an amount not to exceed One Hundred and Fifty Million and NO/100THS Dollars (\$150,000,000.00) in the aggregate for such purposes plus such additional amounts necessary to pay all reasonable fees and expenses with respect thereto); and provided, further, that at the time of any such redemption: (w) no Default, Event of Default or Deficiency exists or would result from or be caused by any such payment, redemption or actions contemplated in this Section 7.13(i); (x) immediately following such payment, redemption or action contemplated in this Section 7.13(i), not less than twenty percent (20%) of the Aggregate Elected Commitment Amounts then in effect remains available for Borrowers under this Agreement; and (y) such payment, redemption or actions contemplated in this Section 7.13(i) occurs within ninety (90) days after the closing of any transaction from which such Net Cash Proceeds are obtained for such purposes in accordance with this Section 7.13(i), or

(ii) amend, modify, waive or otherwise change, consent or agree to any amendment, supplement, modification, waiver or other changes to, any of the terms of any Permitted Senior Notes, any Permitted Subordinated Notes, any Permitted Senior Notes Indenture, or any Permitted Subordinated Notes Indenture, if (A) the effect thereof would be to shorten its stated maturity to a date sooner than six (6) months after the Facility Termination Date or cause the weighted average life to maturity to be less than the weighted average life to maturity of the Loans, or increase the amount of any payment of such principal thereof or increase the rate of interest thereon or increase the frequency of interest payments permitted to be made thereunder during any calendar year beyond the two (2) such payments so permitted in accordance with this Agreement; (B) such action otherwise fails to comply with the applicable terms, conditions,

limitations and restrictions set forth in Section 7.2(ix) or (C) such action requires the payment of a consent fee (howsoever described) if the payment of such consent fee would have the pro forma effect of causing a Default or Event of Default under any of Section 8.1 or Section 8.2 hereof, provided that the foregoing limitations shall not prohibit the execution of supplemental indentures to add guarantors if required by the terms of the Permitted Senior Notes Indenture or the Permitted Subordinated Notes Indenture provided such Person complies with Section 7.2(ix) and Section 9.1, respectively, to the extent required thereby or

(iii) make any mandatory prepayment on or redemption of any Permitted Senior Notes or any Permitted Subordinated Notes in connection with an asset disposition unless (A) the asset disposition giving rise to such mandatory prepayment or redemption is permitted by this Agreement (including Section 7.4) and (B) any prepayment of this Agreement required by Section 2.8.2 in connection with such asset disposition is made prior to any such mandatory prepayment or redemption of the Permitted Senior Notes or Permitted Subordinated Notes.

7.14 Prohibited Action. Without limiting anything contained in this Agreement to the contrary, Borrowers will, and will cause each of its Subsidiaries to, ensure that no person who owns a controlling interest in or otherwise controls any Borrower or any Subsidiary is or shall be a Sanctioned Person. Borrowers covenant and agree that they shall not use any proceeds of any Credit Extension to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country, or in any other manner that will result in any violation by any Person (including any Lender, the Administrative Agent or any LC Issuer) of any Anti-Money Laundering Laws, any Anti-Corruption Laws, or any applicable Sanctions.

ARTICLE 8 FINANCIAL COVENANTS

8.1 Current Ratio. Unit will not permit the ratio, determined as of the end of each of Unit's fiscal quarters, of (i) consolidated current assets of Borrowers and their Subsidiaries (including the then Available Total Commitment but excluding non-cash hedging assets resulting from the requirements of ASC 815 for any period of determination) to (ii) consolidated current liabilities of Borrowers and their Subsidiaries (excluding the current portion of the Loans and non-cash hedging obligations or liabilities resulting from the requirements of ASC 815 for any period of determination), to be less than 1.0 to 1.0.

8.2 Leverage Ratio. Commencing with Unit's fiscal quarter ending September 30, 2018, and for each fiscal quarter ending thereafter, Unit will not permit the ratio, determined as of the end of each such applicable fiscal quarter, of (i) Funded Debt to (ii) Consolidated EBITDA for the then most-recently ended rolling four (4) fiscal quarters to be greater than 4.0 to 1.0.

8.3 INTENTIONALLY OMITTED.

ARTICLE 9 GUARANTEES

9.1 Guarantees. Subject to Section 7.2(ix) in all events, Borrowers will cause (i) each current and future Material Domestic Subsidiary that is not already a Credit Party and (ii) each current and future Subsidiary of any Credit Party that is a guarantor of any Permitted Senior Note or any Permitted Subordinated Note (other than, with respect to the Indebtedness under any notes issued pursuant to the Permitted Existing Indenture only (and excluding any refinancing or replacement thereof or any Permitted Refinancing Notes), any Notes Indenture Additional Party), to guarantee the prompt payment and performance when due of the Obligations in accordance with the terms and provisions of the Subsidiary Guaranty. As soon as practicable and in any event (i) within ten (10) days after any Person becomes a Material Domestic Subsidiary, and (ii) prior to any Person becoming a guarantor of any Permitted Senior Note or any Permitted Subordinated Note (other than, with respect to the Indebtedness under any notes issued pursuant to the Permitted Existing Indenture only (and excluding any refinancing or replacement thereof or any Permitted Refinancing Notes), any Notes Indenture Additional Party), Borrowers will provide the Administrative Agent written notice thereof and, to the extent such Person is not already a Credit Party, will cause such Person to execute a Subsidiary Guaranty Joinder Agreement in substantially the same form as Schedule 1 to the Subsidiary Guaranty, together with such other certificates or documents as Administrative Agent reasonably deems necessary or appropriate to confirm such Subsidiary Guaranty, including without limitation, closing opinions (supplementing the closing opinion required by Section 4.1.1(v) of this Agreement) as required by the Administrative Agent or the Required Lenders in connection with the Subsidiary Guaranty instruments executed from time to time by Material Subsidiaries under this Section 9.1.

9.2 Releases of Guarantees. If, as a result of the consummation of any transaction permitted by this Agreement, any Subsidiary Guarantor ceases to be a Subsidiary of Unit, or if Borrowers certify to the Lenders in writing that (i) such Subsidiary is not a Material Domestic Subsidiary and (ii) such Subsidiary is not a guarantor of any Permitted Senior Note or any Permitted Subordinated Note, then in any such event, the guarantee of such Subsidiary Guarantor of the Obligations shall be automatically discharged and released without any further action by any Credit Party or any other Person effective as of the time of such transaction. Upon request of Unit, the Administrative Agent shall take (at the Credit Parties' cost), and the Lenders hereby authorize the Administrative Agent to take, such actions as shall be reasonably requested to evidence the termination and release of the guarantee of such Subsidiary Guarantor.

9.3 Production Proceeds. Upon the occurrence of an Event of Default or a Deficiency not timely cured in accordance with Section 2.6.7, Administrative Agent and the Lenders may obtain possession of all production proceeds then held by the Credit Parties and their Subsidiaries to receive directly from the purchaser of production or the first purchaser of midstream assets all production proceeds and revenues therefrom.

ARTICLE 10

EVENTS OF DEFAULTS

10.1 Events of Default

The occurrence of any one or more of the following events will constitute an Event of Default:

10.1.1. Any representation or warranty made or deemed made by or on behalf of any of the Credit Parties to the Lenders or the Administrative Agent under or in connection with this Agreement, any Credit Extension, or any certificate, report or information delivered in connection with this Agreement or any other Loan Document is materially false on the date as of which made or deemed made.

10.1.2. Nonpayment of principal of any Loan when due, nonpayment of any Reimbursement Obligation within one Business Day after the same becomes due, or nonpayment of interest on any Loan or of any commitment fee, LC Fee or other obligations under any of the Loan Documents within ten (10) days after the same becomes due.

10.1.3. The failure of any of the Borrowers to observe or perform any covenant or agreement applicable thereto in Section 2.6.8, Section 6.2, Section 6.3, Article 7 and Article 8 of this Agreement and, only insofar as Article 9 is concerned, failure of Borrowers to cure, within ten (10) days following written notice from the Administrative Agent or any Lender to Unit, any violation or failure to observe any agreement applicable thereto in such Article 9.

10.1.4. The breach by any of the Borrowers (other than a breach which constitutes a Default or Event of Default under another Section of this Article 10) of any of the terms or provisions of this Agreement which is not remedied within thirty (30) days after written notice from the Administrative Agent or any Lender to Unit.

10.1.5. Failure of any Credit Party to pay when due any Material Indebtedness; (other than a Rate Management Obligation) or the default by any Credit Party in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any Material Indebtedness Agreement (other than resulting from a Rate Management Transaction), or any other event occurs or condition exists, the effect of which default, event or condition is to cause, or to permit the holder(s) or lender(s) under such Material Indebtedness evidenced by such Material Indebtedness Agreement to cause (after the expiration of any applicable grace period with respect thereto), such Material Indebtedness to become due prior to its stated maturity or any commitment to lend under such Material Indebtedness Agreement to be terminated prior to its stated expiration date; or any Material Indebtedness will be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Credit Parties will not pay, or admit in writing their inability to pay, their Indebtedness generally as they become due.

10.1.6. Any Credit Party will (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its Indebtedness under

any law relating to bankruptcy, insolvency or reorganization or relief of Indebtedness or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 10.1.6 or (vi) fail to contest in good faith any appointment or proceeding described in Section 10.1.7.

10.1.7. Without the application, approval or consent of the Credit Parties, a receiver, trustee, examiner, liquidator or similar official will be appointed for any Credit Party or a proceeding described in Section 10.1.6(iv) will be instituted against any Credit Party and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 60 consecutive days.

10.1.8. Any court, government or governmental agency condemns, seizes or otherwise appropriates, or takes custody or control of, all or any portion of the Property of any Credit Party which, when taken together with all other Property of such Credit Party so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Material Adverse Effect.

10.1.9. Any of the Credit Parties fails within 30 days to pay, bond or otherwise discharge one or more (i) judgments or orders for the payment of money in excess of \$1,000,000 (or the equivalent thereof in currencies other than U.S. Dollars) in total (to the extent not covered by independent third party insurance provided by insurers of the highest claims paying rating or financial strength as to which the insurer does not dispute coverage and is not subject to insolvency proceedings, or (ii) non-monetary judgments or orders which, in each case, individually or in total, could reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case, is/are not stayed on appeal or otherwise being appropriately contested in good faith.

10.1.10. Unfunded Liabilities with respect to Single Employer Plans or the occurrence of or any material Reportable Event in connection with any Plan, which, in either case or in the aggregate exceeds \$1,000,000.

10.1.11. Nonpayment by any Credit Party of any Rate Management Obligation when due or the breach by any Credit Party of any term, provision or condition contained in any Rate Management Transaction or any transaction of the type described in the definition of "Rate Management Transactions," whether or not any Lender or Affiliate of a Lender is a party thereto, after taking into account any applicable grace period, but only if such nonpayment or breach constitutes a Material Adverse Effect.

10.1.12. Any Change in Control occurs.

10.1.13. Any Credit Party (i) is the subject of any proceeding or investigation pertaining to the release by any Credit Party of any toxic or hazardous waste or substance into the environment, or (ii) violates any Environmental Law, which, in the case of an event described in clause (i) or clause (ii), could reasonably be expected to have a Material Adverse Effect.

10.1.14. Except to the extent expressly permitted by the Loan Documents, any Subsidiary Guaranty fails to remain in full force or effect or any action is taken to discontinue or to assert the invalidity or unenforceability of any Subsidiary Guaranty, or any Subsidiary Guarantor fails to comply with any of the terms or provisions of any Subsidiary Guaranty to which it is a party, or any Subsidiary Guarantor denies that it has any further liability under any Subsidiary Guaranty to which it is a party, or gives notice to such effect, or any Subsidiary Guaranty shall be revoked or terminated or any Credit Party attempts to revoke or terminate a Subsidiary Guaranty. For the avoidance of doubt, the Fourth Amendment expressly permits the release and discharge of each Person constituting Superior and their respective Subsidiaries as Subsidiary Guarantors effective as of and upon the occurrence of the Superior Release Effective Date, if any, in accordance with the Fourth Amendment.

10.1.15. Any Credit Party fails to comply in any material respect with any of the terms or provisions of any Loan Document (other than this Agreement, Notes issued hereunder and, insofar as representations and warranties made or deemed made in any other Loan Document, the other Loan Documents) beyond any applicable grace or curative period therein specified and if not so specified, if not cured within twenty (20) days following written notice from the Administrative Agent.

10.1.16. Except to the extent expressly permitted by the Loan Documents, any Security Instrument fails to remain in full force or effect and/or ceases to create a valid and perfected first priority lien in and to the property subject to such Security Instrument or any action is taken to discontinue or to assert the invalidity or unenforceability of any Security Instrument, or any Credit Party fails to comply with any of the terms or provisions of any Security Instrument to which it is a party, or any Credit Party denies that it has any further liability under any Security Instrument to which it is a party, or gives notice to such effect, or any Security Instrument shall be revoked or terminated or any Credit Party attempts to revoke or terminate a Security Instrument. For the avoidance of doubt, the Fourth Amendment expressly permits the termination of the Pledge Agreement effective as of and upon the occurrence of the Superior Release Effective Date, if any, in accordance with the Fourth Amendment.

10.1.17. Any "Event of Default" (as defined in either the Permitted Existing Indenture or in the Permitted Senior Notes, the Permitted Subordinated Notes, the Permitted Senior Notes Indenture or the Permitted Subordinated Notes Indenture, as applicable) occurs that permits the holders thereof or the trustee on their behalf to declare such Indebtedness due and payable prior to its stated maturity (with any applicable grace or cure period having expired), regardless of whether or not any such holder or trustee actually exercises any such right and declares any such acceleration.

ARTICLE 11

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

11.1 Acceleration.

11.1.1. If any Event of Default described in Section 10.1.6 or 10.1.7 occurs with respect to the Credit Parties the Elected Commitments (and the Aggregate Elected Commitment Amounts) and the obligations of the Lenders to make Advances and Loans hereunder and the obligation and power of the LC Issuer to issue Letters of Credit will automatically terminate and the Obligations (other than Rate Management Obligations owed to Lender Counterparties) will immediately become due and payable without any election or action on the part of the Administrative Agent, the LC Issuer or any Lender and the Credit Parties will be and become thereby unconditionally obligated, without any further notice, act or demand, to deposit in an account with the Administrative Agent an amount in immediately available funds equal to the amount of LC Obligations in cash or cash equivalents reasonably satisfactory to the Administrative Agent, which funds will be applied pursuant to Section 11.1.2. If any other Event of Default occurs and is continuing, the Required Lender (or the Administrative Agent with the consent of the Required Lenders) may (a) terminate or suspend the Elected Commitments (and the Aggregate Elected Commitment Amounts) and the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuer to issue Letters of Credit, or declare the Obligations (other than Rate Management Obligations owed to Lender Counterparties) to be due and payable, or both, in which event such Obligations will become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrowers hereby expressly waive, and (b) on notice to the Borrowers and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Borrowers to pay, and the Borrowers will, forthwith on such demand and without any further notice or act, immediately pay to the Administrative Agent the amount in immediately available funds equal to the amount of such LC Obligations, which funds will be applied pursuant to Section 11.1.2.

11.1.2. The Administrative Agent may at any time or from time to time, after such funds are deposited with the Administrative Agent, apply such funds to the payment of the Obligations in accordance with Section 11.4 and any other amounts as may have become due and payable by the Credit Parties to the Lenders or the LC Issuer under the Loan Documents. Such funds (to the extent not applied as aforesaid) will be returned to the Borrowers (i) after all such Obligations and other amounts have been paid in full or (ii) within three (3) Business Days after all Events of Default have been cured or waived.

11.2 Amendments. Subject to the provisions of this Section 11.2, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Credit Parties may enter into supplemental agreements for the purpose of adding or modifying any provisions to the Loan Documents to which they are parties or changing in any manner the rights of the Lenders or the Borrowers under this Agreement or waiving any Default, Event of Default or Deficiency under this Agreement, provided that (x) the Borrowers and the Administrative Agent may enter into any amendments necessary to effectuate any change as described in, and subject to the terms of, Section 3.4(ii), and (y) no supplemental agreement will, without the consent of all of the Lenders:

- (i) Extend the final maturity of any Loan, or extend the expiration date of a Letter of Credit to a date after the Facility Termination Date (other than pursuant to Section 3.8) or postpone any regularly scheduled payment of principal of any

Loan or forgive all or any portion of the principal amount thereof or any LC Obligation (including any Reimbursement Obligations) related thereto, or reduce the rate or extend the time of payment of interest or fees thereon or LC Obligations (including any Reimbursement Obligations) related thereto;

- (ii) Reduce the percentage specified in the definition of Required Lenders or eliminate, delete or modify the Borrowing Base concept of Section 2.6;
- (iii) Extend the Facility Termination Date (other than pursuant to Section 3.8), or reduce the amount or extend the payment date for, the mandatory principal payments required under Section 2.8.2, or increase the (a) Aggregate Maximum Credit Amounts (or increase the Maximum Credit Amount of any Lender without the consent of such Lender), (b) the Aggregate Elected Commitment Amounts (other than pursuant to Section 14.6) (or increase the Elected Commitment or Pro Rata Share of any Lender, including any non-consenting Lender, and including such Lender's commitment to issue or Pro Rata Share of Letters of Credit (other than as provided in the definition of "LC Sublimit" and Sections 2.19 and 2.20), without the consent of such Lender), or (c) Borrowing Base (other than pursuant to Section 2.6); or
- (iv) Amend this Section 11.2 or permit the Borrowers to assign their rights under this Agreement.

Further provided, that no amendment of any provision of this Agreement relating to the Administrative Agent will be effective without the written consent of the Administrative Agent, and no amendment of any provision relating to the LC Issuer will be effective without the written consent of the LC Issuer.

11.3 Preservation of Rights. No delay or omission of the Lenders, the LC Issuer or the Administrative Agent to exercise any right under the Loan Documents will impair such right or be construed to be a waiver of any Default, Event of Default or Deficiency or an acquiescence in such Default, Event of Default or Deficiency, and the making of a Credit Extension notwithstanding the existence of a Default, Event of Default or Deficiency or the inability of the Credit Parties to satisfy the conditions precedent to such Credit Extension will not constitute any waiver or acquiescence. Any single or partial exercise of any such right will not preclude other or further exercise of such right or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever will be valid unless in writing executed by the Lenders required under Section 11.2, and then only to the extent specifically set forth in writing. All remedies contained in the Loan Documents or by law or equity afforded will be cumulative and will be available to the Administrative Agent, the LC Issuer and the Lenders until the Obligations have been paid in full.

11.4 Allocation of Payments After Event of Default Notwithstanding any other provisions of this Agreement to the contrary, after the occurrence and during the continuance of an Event of Default, all amounts collected or received on or in respect of the Obligations (or other amounts owing under the Loan Documents in connection therewith) shall be paid over or delivered as follows:

FIRST, to the payment of all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) of the Administrative Agent, the LC Issuer or the Lenders in connection with enforcing the rights and remedies of the Administrative Agent or the Lenders under the Loan Documents and any protective advances made with respect thereto or otherwise with respect to the Obligations owing to the Lenders, the LC Issuer or the Administrative Agent;

SECOND, to payment of any fees owed to the Lenders, the LC Issuer or the Administrative Agent hereunder;

THIRD, to the payment of all accrued interest and fees on or in respect of the Obligations;

FOURTH, to the payment of the outstanding principal amount of the Obligations hereunder (including the payment or cash collateralization of the outstanding LC Obligations and Rate Management Obligations owed to Lender Counterparties being paid on a *pari passu* basis with the repayment of other Obligations);

FIFTH, to all other Obligations hereunder and other obligations which shall have become due and payable under the Loan Documents otherwise and not repaid pursuant to clauses "FIRST" through "FOURTH" above; and

SIXTH, to the payment of the surplus, if any, to Unit or such other Persons as may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (i) amounts received shall be applied in the order provided until exhausted prior to application to the next succeeding category to the Administrative Agent or in accordance with each Lender's Pro Rata Share, as applicable, (unless a Lender is a Defaulting Lender); and (ii) to the extent that any amounts available for distribution pursuant to clause "FOURTH" above are attributable to the issued but undrawn amount of outstanding Letters of Credit, such amounts shall be held by the Administrative Agent in a cash collateral account and applied (A) first, to reimburse the LC Issuer for any drawings under such Letters of Credit and (B) then, following the expiration of all Letters of Credit, to all other obligations of the types described in clauses "THIRD" and "FOURTH" above in the manner provided in this Section 11.4. Excluded Swap Obligations with respect to any Subsidiary Guarantor shall not be paid with amounts received from such Subsidiary Guarantor or its assets, but appropriate adjustments shall be made to payments from other Credit Parties to preserve the allocation to Obligations otherwise set forth above in this Section 11.4.

ARTICLE 12

GENERAL PROVISIONS

12.1 Survival of Agreements. All covenants, agreements, representations and warranties contained in this Agreement will survive the making of the Credit Extensions during the term of this Agreement and any amendments of this Agreement (other than to the extent expressly modified therein).

12.2 Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, neither the LC Issuer nor any Lender will be obligated to extend credit to the Borrowers in violation of any limitation or prohibition provided by any applicable statute or regulation.

12.3 Headings. Section headings in the Loan Documents are for convenience of reference only, and will not govern the interpretation of any of the provisions of the Loan Documents.

12.4 Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Credit Parties, the Administrative Agent, the LC Issuer and the Lenders and supersede all prior agreements and understandings among the Credit Parties, the Administrative Agent, the LC Issuer and the Lenders relating to the subject matter of the Loan Document other than the Administrative Agent Fee Letter, all of which will survive and remain in full force and effect during the term of this Agreement.

12.5 Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender will be the partner or Administrative Agent of any other (except to the extent to which the Administrative Agent is authorized to act in such capacity). The failure of a Lender to perform any of its obligations hereunder will not relieve any other Lender from any of its obligations hereunder. This Agreement will not be construed so as to confer any right or benefit on any Person other than the parties to this Agreement and their respective successors and assigns.

12.6 Expenses; Indemnification.

12.6.1. Expenses. The Borrowers will promptly reimburse the Administrative Agent for any filing and recording fees, reasonable costs and out-of-pocket expenses (including reasonable attorneys' fees), time charges and expenses advanced of attorneys for the Administrative Agent or for any of the Lenders) paid or incurred by the Administrative Agent or the Co-Syndication Agents in connection with the preparation, negotiation, execution, closing, delivery, syndication, review, amendment, waiver, consent or modification, refinancing, Lien perfection, administration, collection and enforcement of the Loan Documents, regardless of whether or not the transactions provided for in this Agreement are eventually closed and regardless of whether or not any or all sums evidenced by the Notes are advanced to the Borrowers by the Lenders.

12.6.2. Indemnification. The Borrowers hereby also agree to indemnify against and, where applicable, reimburse for, the Administrative Agent, the Co-Syndication Agents, the LC Issuer and each Lender, its directors, officers and employees, all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, the prompt reimbursement of all legal fees and expenses of attorneys for the Administrative Agent, the Co-Syndication Agents, the LC Issuer or any of the Lenders in connection with (i) restructure as a part of loan work out or special asset modification or fees and expenses from enforcement or collection actions or proceedings, and (ii) collection and enforcement actions or proceedings, including litigation or preparation therefor whether or not the Administrative Agent, the Co-Syndication Agents, the LC

Issuer or any Lender is a party to such litigation) which any of them may pay or incur in good faith as a result of this Agreement, the other Loan Documents, the transactions contemplated by the Loan Documents except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification, and (iii) any civil penalty or fine assessed by OFAC against, and all reasonable costs and expenses (including counsel fees and disbursements) incurred in connection with defense thereof, by the Administrative Agent or any Lender as a result of conduct of any Borrower or any Subsidiary that violates a sanction enforced by OFAC.

The foregoing provisions of this Section 12.6 shall not apply to Taxes, which shall be governed exclusively by Section 3.3. The obligations of the Borrowers under this Section 12.6 will survive the termination of this Agreement.

12.7 Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction will, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction. The provisions of all Loan Documents are severable.

12.8 Environmental Indemnities.

Each of the Borrowers hereby agrees to indemnify, defend and hold harmless the Administrative Agent and the Lenders and their respective officers, directors, employees, agents, consultants, attorneys, contractors and their respective affiliates, successors or assigns, or transferees from and against, and reimburse said Persons in full with respect to, any and all loss, liability, damage, fines, penalties, costs and expenses, of every kind and character, including reasonable attorneys' fees and court costs, known or unknown, fixed or contingent, occasioned by or associated with any claims, demands, causes of action, suits and/or enforcement actions, including any administrative or judicial proceedings, and any remedial, removal or response actions ever asserted, threatened, instituted or requested by any Persons, including any Governmental Authority, arising out of or related to: (a) the breach of any representation or warranty of the Borrowers contained in Section 5.16; (b) the failure of the Borrowers to perform any of their respective covenants contained in Section 6.7; (c) the ownership, construction, occupancy, operation, use of the Credit Parties' Properties prior to the date on which the Indebtedness and obligations secured hereby have been paid and performed in full; provided, however, this indemnity shall not apply with respect to matters caused by or arising solely from the Administrative Agent's or the Lenders' activities during any period of time the Administrative Agent or the Lenders acquire ownership of the Credit Parties' Properties.

The indemnities contained in this Section 12.8 apply, without limitation, to any violation on or before the Release Date of any Environmental Laws and any liability or obligation relating to the environmental conditions on, under or about the Credit Parties' Properties on or prior to the Release Date (including, without limitation: (a) the presence on, on or in the Credit Parties' Properties or release, discharge or threatened release on, on or from the Credit Parties' Properties of any polluting substances generated, used, stored, treated, disposed of or otherwise released prior to the Release Date, and (b) any and all damage to real or personal property or natural

resources and/or harm or injury including wrongful death, to persons alleged to have resulted from such release of any polluting substances regardless of whether the act, omission, event or circumstances constituted a violation of any Environmental Law at the time of its existence or occurrence). The term "release" shall have the meaning specified in applicable Environmental Laws and the terms "stored," "treated" and "disposed" shall have the meanings specified in applicable Environmental Laws; provided, however, any broader meanings of such terms provided by applicable laws of the State of Oklahoma shall apply.

The provisions of this Section 12.8 shall be in addition to any other obligations and liabilities Credit Parties may have to the Administrative Agent or the Lenders at common law and shall survive the Release Date and shall continue thereafter in full force and effect.

The Administrative Agent and the Lenders agree that in the event that such claim, suit or enforcement action is asserted or threatened in writing or instituted against them or any of their officers, employers, agents or contractors or any such remedial, removal or response action is requested of them or any of their officers, employees, agents or contractors for which the Administrative Agent or the Lenders may desire indemnity or defense hereunder, the Administrative Agent or the Lenders shall give prompt written notification thereof to Unit.

Notwithstanding anything to the contrary stated herein, the indemnities created by this Section 12.8 shall only apply to losses, liabilities, damages, fines, penalties, costs and expenses actually incurred by the Administrative Agent or the Lenders as a result of claims, demands, actions, suits or proceedings brought by Persons who are not the beneficiaries of any such indemnity. The Administrative Agent or the Lenders shall act as the exclusive agent for all indemnified Persons under this Section 12.8. With respect to any claims or demands made by such indemnified Persons, the Administrative Agent shall notify Unit within ten (10) days after the Administrative Agent's receipt of a writing advising the Administrative Agent of such claim or demand. Such notice shall identify (i) when such claim or demand was first made, (ii) the identity of the Person making it, (iii) the indemnified Person and (iv) the substance of such claim or demand. Failure by the Administrative Agent to so notify Unit within said ten (10) day period shall reduce the amount of the Credit Parties' obligations and liabilities under this Section 12.8 by an amount equal to any damages or losses suffered by the Credit Parties resulting from any prejudice caused the Credit Parties by such delay in notification from the Administrative Agent. On receipt of such notice, the Credit Parties shall have the exclusive right and obligation to contest, defend, negotiate or settle any such claim or demand through counsel of their own selection (but reasonably satisfactory to the Administrative Agent and the Lenders) and solely at Credit Parties' own cost, risk and expense; provided, that the Administrative Agent and the Lenders, at their own cost and expense, shall have the right to participate in any such contest, defense, negotiations or settlement. The settlement of any claim or demand hereunder by the Credit Parties, unless such settlement fully releases the Lenders from any and all liability thereon, may be made only on the prior approval of the Lenders of the terms of the settlement, which approval shall not be unreasonably withheld.

12.9 Nonliability of Lenders. The relationship between the Borrowers on the one hand and the Lenders, the LC Issue and the Administrative Agent on the other hand will, to the extent that relationship is the subject of this Agreement, be solely that of borrowers and lenders. Neither the Administrative Agent, the Syndication Agents, the LC Issuer nor any Lender will

have any fiduciary responsibilities to the Credit Parties. Neither the Administrative Agent, the Syndication Agent, the LC Issuer nor any Lender undertakes any responsibility to the Credit Parties to review or inform the Credit Parties of any matter in connection with any phase of the Credit Parties' business or operations. The Credit Parties agree that neither the Administrative Agent, the Syndication Agent, the LC Issuer nor any Lender will have liability to the Credit Parties (whether sounding in tort, contract or otherwise) for losses suffered by the Credit Parties in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. Neither the Administrative Agent, the Syndication Agent, the LC Issuer nor any Lender will have any liability with respect to, and the Credit Parties hereby waive, release and agree not to sue for, any special, indirect or consequential damages suffered by the Credit Parties in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

12.10 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), Borrowers acknowledge and agree that: (i) (A) the arranging and other services regarding this Agreement provided by Administrative Agent are arm's-length commercial transactions between Borrowers and their Affiliates, on the one hand, and Administrative Agent, on the other hand, (B) Borrowers have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate, and (C) Borrowers are capable of evaluating, and understand and accept, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) Administrative Agent is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not and will not be acting as an advisor, agent of fiduciary for Borrowers or any of their Affiliates, or any other Person and (B) Administrative Agent has no obligation to Borrowers or any of their Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in other Loan Documents; and (iii) Administrative Agent and its Affiliates may be engaged in a broad range of transactions that involve interest that differ from those of the Borrowers and their Affiliates, and the Administrative Agent has no obligation to disclose any of such interests to Borrowers or their Affiliates. To the fullest extent permitted by law, Borrowers hereby waive and release any claims that it may have against Administrative Agent with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

12.11 Confidentiality. Each Lender agrees to hold as confidential any information which it may receive from the Credit Parties or any of its Subsidiaries under this Agreement or any other Loan Document in confidence, except for disclosure (i) to its Affiliates and to other Lenders and their respective Affiliates, (ii) to legal counsel, accountants, and other professional advisors to such Lender or to a Transferee (so long as such Persons are apprised of the confidential nature of such information), (iii) to regulatory officials, (iv) to any Person as requested under or as required by law, regulation, or legal process, (v) to any Person in connection with any legal proceeding relating to any of the Loan Documents to which such Lender is a party, (vi) to such Lender's direct or indirect contractual counterparties in swap

agreements, to legal counsel, accountants and other professional advisors to such counterparties or to any credit insurance provider relating to Borrowers and their obligations (so long as such Persons agree to be bound by the provisions of this Section 12.11), (vii) permitted by Section 14.4, (viii) to rating agencies if requested or required by such agencies in connection with a rating relating to the Advances, and (ix) of information that the Credit Parties have made available to the general public.

12.12 Disclosure. The Borrowers and each Lender hereby acknowledge and agree that BOK and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Borrowers and/or their Subsidiaries.

12.13 Place of Payment. All amounts to be paid by the Borrowers or the Subsidiary Guarantors under this Agreement will be paid in immediately available funds to the Administrative Agent at its principal banking offices at Bank of Oklahoma Tower, One Williams Center, Tulsa, Oklahoma 74192, Attention: Energy Department - 8th Floor, or at such other place as the Administrative Agent or the Required Lenders will notify Unit in writing. If any interest, principal or other payment falls due on a date other than a Business Day, then (unless otherwise provided in this Agreement) such due date will be extended to the next succeeding Business Day, and such extension of time will in such case be included in computing interest, if any, in connection with such payment.

12.14 Interest. It is the intention of the parties to this Agreement that the Lenders conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated by this Agreement would be usurious as to a Lender under laws applicable to it (including the laws of the United States of America or any other jurisdiction whose laws may be mandatorily applicable to Lenders notwithstanding the other provisions of this Agreement), then, in that event, notwithstanding anything to the contrary in any of the Loan Documents or any agreement entered into in connection with or as security for the Notes, it is agreed as follows:

- (i) the total of all consideration which constitutes interest under law applicable to Lenders that is contracted for, taken, reserved, charged or received by Lenders under any of the Loan Documents or agreements or otherwise in connection with the Notes will under no circumstances exceed the Highest Lawful Rate allowed by such applicable law, and any excess will be canceled automatically and if theretofore paid will be credited by the Administrative Agent or the Lenders on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations will have been or would thereby be paid in full, refunded by Administrative Agent or the Lenders to the Borrowers); and
- (ii) in the event that the maturity of any of the Notes is accelerated by, because of or resulting from an Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to Administrative Agent or the Lenders may never include more than the maximum amount allowed by such applicable law, and excess interest, if any, provided for in this Agreement or otherwise will be canceled automatically by Lenders as of the date of such acceleration or prepayment and, if theretofore paid, will be credited by Administrative Agent or

the Lenders on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations will have been or would thereby be paid in full, refunded by Lenders to the Borrowers).

All sums paid or agreed to be paid to Administrative Agent or the Lenders for the use, forbearance or detention of sums due under this Agreement will, to the extent permitted by law applicable to Administrative Agent and/or the Lenders, be amortized, prorated, allocated and spread throughout the full term of the Loans evidenced by the Notes until payment in full so that the rate or amount of interest on account of any Loans under this Agreement does not exceed the Highest Lawful Rate allowed by such applicable law. If at any time and from time to time (i) the amount of interest payable to Lenders on any date will be computed at the highest lawful rate applicable to Lenders under this Section 12.14; and (ii) in respect of any subsequent interest computation period the amount of interest otherwise payable to Lenders would be less than the amount of interest payable to Lenders computed at the highest lawful rate applicable to such Lenders, then the amount of interest payable to Lenders regarding such subsequent interest computation period will continue to be computed at the Highest Lawful Rate applicable to Lenders until the total amount of interest payable to Lenders equals the total amount of interest which would have been payable to Lenders if the total amount of interest had been computed without giving effect to this Section 12.14.

None of the terms and provisions contained in this Agreement or in any other Loan Document which directly or indirectly relate to interest will ever be construed without reference to this Section 12.14, or be construed to create a contract to pay for the use, forbearance or detention of money at an interest rate in excess of the Highest Lawful Rate.

12.15 Automatic Debit of Borrowers' Operating Account.

On Borrowers' failure to pay all such costs and expenses owed by Borrowers under Section 12.6 of this Agreement within thirty (30) days of the Administrative Agent's submission of invoices therefore, the Administrative Agent will pay such costs and expenses by debit to the operating account of Borrowers with the Administrative Agent without further or other notice to Borrowers.

12.16 Exceptions to Covenants. The Borrowers are not permitted to take any action or fail to take any action which is permitted as an exception to any of the covenants contained in this Agreement or which is within the permissible limits of any of the covenants contained in this Agreement if such action or omission would result in the breach of any other covenant contained in this Agreement.

12.17 Conflict with Other Loan Documents To the extent the terms and provisions of any of the other Loan Documents are in conflict with the terms and provisions hereof, the terms and provisions of this Agreement will be deemed controlling.

12.18 Lost Documents On receipt of an affidavit of an officer of the Administrative Agent as to the loss, theft, destruction or mutilation of the Notes or Loan Documents which is not of public record, and, in the case of any mutilation, on the surrender and cancellation of the Notes or Loan Documents, the Borrowers or any Subsidiary Guarantors will issue, in lieu thereof, a replacement Note(s) or other Loan Documents in the same principal amount thereof (in the case of any of the Notes) and otherwise of like tenor.

12.19 Setoff. At any time and from time to time during the continuance of any Event of Default, each Lender is hereby authorized to setoff and apply (a) any and all moneys, securities and other property (and the proceeds therefrom) of such Credit Party now or hereafter held or received by or in transit to such Lender from or for the account of such Credit Party, whether for safekeeping, custody, pledge, transmission, collection or otherwise, (b) any and all deposits and deposit accounts (general or special, time or demand, provisional or final) of such Credit Party with such Lender, and (c) any other credits and claims of such Credit Party at any time existing against such Lender, including claims under certificates of deposit (excluding from the foregoing clauses (a) through (c) the accounts at BOK as specified on Schedule 6 (collectively, the "Excluded Accounts")) against the Obligations then due and payable and held by such Lender (without notice to any Credit Party) and concerning any such action in clauses (a) through (c) taken by a Lender, prompt notice thereof shall be provided by such Lender to the Administrative Agent. The rights of each Lender under this Section 12.19 are in addition to all other interests and rights of such Lender at common Law, under the Loan Documents, or otherwise.

12.20 Keepwell. Each Credit Party that is a Qualified ECP Guarantor at the time the Subsidiary Guaranty or the grant of a security interest under the Loan Documents, in each case, by any Specified Loan Party becomes effective with respect to any Rate Management Obligation, hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Loan Party with respect to such Rate Management Obligation as may be needed by such Specified Loan Party from time to time to honor all of its obligations under its Subsidiary Guaranty and the other Loan Documents in respect of such Rate Management Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP Guarantor's obligations and undertakings under this Section 12.20 voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations and undertakings of each Qualified ECP Guarantor under this Section 12.20 shall remain in full force and effect until the Obligations have been indefeasibly paid and performed in full. Each Qualified ECP Guarantor intends this Section 12.20 to constitute, and this Section 12.20 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of, each Specified Loan Party for all purposes of the Commodity Exchange Act.

ARTICLE 13

THE ADMINISTRATIVE AGENT

13.1 Appointment; Nature of Relationship Administrative Agent is hereby appointed by each of the Lenders as its contractual representative hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Administrative Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative on the express conditions contained in this Article 13. Notwithstanding the use of the defined term "Administrative Agent," it is expressly understood and agreed that the Administrative Agent will not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Administrative Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Administrative Agent (i) does not hereby assume any fiduciary duties to any

of the Lenders, (ii) is a "representative" of the Lenders within the meaning of the term "secured party" as defined in the Oklahoma Uniform Commercial Code, and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Administrative Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives.

13.2 Powers. The Administrative Agent will have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent has no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Administrative Agent.

13.3 General Immunity. Neither the Administrative Agent nor any of its directors, officers or employees will be liable to the Credit Parties, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person provided that nothing in this Section 13.3 is intended to impair or otherwise limit (i) the rights of the Credit Parties to make claims against the LC Issuer for damages as contemplated by either proviso (ii) to the first sentence of Section 2.19.6 or proviso (y) to the penultimate sentence of Section 2.19.9 or (ii) the liabilities of the LC Issuer or the Administrative Agent to the Credit Parties based on a standard of care otherwise expressly designated or stipulated to in other provisions of this Agreement.

13.4 No Responsibility for Loans, Recitals Neither the Administrative Agent nor any of its directors, officers or employees will be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article 4, except receipt of items required to be delivered solely to the Administrative Agent; (d) the existence or possible existence of any Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of the Credit Parties or any Subsidiary Guarantor of any of the Obligations or of any of the Credit Parties' or any such Subsidiary Guarantor's respective Subsidiaries. The Administrative Agent has no duty to disclose to the Lenders information that is not required to be furnished by the Credit Parties to the Administrative Agent at such time, but is voluntarily furnished by the Credit Parties to the Administrative Agent (either in its capacity as Administrative Agent or in its individual capacity).

13.5 Action on Instructions of Lenders The Administrative Agent will in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions executed by the Required Lenders, and such

instructions and any action taken or failure to act pursuant thereto will be binding on all of the Lenders. The Lenders hereby acknowledge that the Administrative Agent will be under no duty to take any discretionary action permitted to be taken by it under the provisions of this Agreement or any other Loan Document unless it is requested in writing to do so by the Required Lenders. The Administrative Agent will be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it is first indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

13.6 Employment of Administrative Agents; Counsel; Reliance The Administrative Agent may assign any of its duties as Administrative Agent under any Loan Document by or through employees, agents, and attorneys-in-fact and is not answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent will be entitled to advice of counsel concerning the contractual arrangement between the Administrative Agent and the Lenders and all matters pertaining to the Administrative Agent's duties under any Loan Document. The Administrative Agent will be entitled to rely on any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been executed or sent by the proper Person or Persons, and, in respect to legal matters, on the opinion of counsel selected by the Administrative Agent, which counsel may be employees of the Administrative Agent.

13.7 Administrative Agent's Reimbursement and Indemnification The Lenders agree to reimburse and indemnify the Administrative Agent ratably in proportion to their respective Pro Rata Share of the Elected Commitments (or, if the Aggregate Elected Commitment Amounts have been terminated, in proportion to their respective Pro Rata Share of the Elected Commitments immediately prior to such termination) (i) for any amounts not reimbursed by the Borrowers for which the Administrative Agent is entitled to reimbursement by the Borrowers under the Loan Documents, (ii) for any other expenses incurred by the Administrative Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, provided that (i) no Lender will be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Administrative Agent and (ii) any indemnification required under Section 3.3 will, notwithstanding the provisions of this Section 13.7, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 13.7 will survive payment of the Obligations and termination of this Agreement.

13.8 Notice of Default. The Administrative Agent will not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default under this Agreement unless the Administrative Agent has received written notice from a Lender or the Borrowers referring to this Agreement describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that the Administrative Agent receives such a notice, the Administrative Agent will give prompt notice thereof to the Lenders.

13.9 Rights as a Lender. In the event the Administrative Agent is a Lender, the Administrative Agent will have the same rights and powers hereunder and under any other Loan Document with respect to its Elected Commitment and its Loans as any Lender and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders" will, at any time when the Administrative Agent is a Lender, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, financial advisory, trust, Indebtedness, equity or other transaction without notice to or consent of the Lenders, in addition to those contemplated by this Agreement or any other Loan Document, with the Credit Parties in which the Credit Parties are not restricted hereby from engaging with any other Person.

13.10 Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance on the Administrative Agents, the Syndication Agents or any other Lender and based on the financial statements prepared by the Credit Parties and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance on the Administrative Agent, the Syndication Agents or any other Lender and based on such documents and information as it deems appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

13.11 Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and Unit, such resignation to be effective on the appointment of a successor Administrative Agent or, if no successor Administrative Agent has been appointed, 45 days after the retiring Administrative Agent gives notice of its intention to resign. The Administrative Agent may be removed at any time with or without cause by written notice received by the Administrative Agent from the Required Lenders, such removal to be effective on the date specified by the Required Lenders. On any such resignation or removal, the Required Lenders will have the right to appoint, on behalf of the Credit Parties and the Lenders, a successor Administrative Agent. If no successor Administrative Agent will have been so appointed by the Required Lenders within thirty days after the resigning Administrative Agent's giving notice of its intention to resign, then the resigning Administrative Agent may appoint, on behalf of the Credit Parties and the Lenders, a successor Administrative Agent. Notwithstanding the previous sentence, the Administrative Agent may at any time without the consent of the Credit Parties or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Administrative Agent hereunder. If the Administrative Agent has resigned or been removed and no successor Administrative Agent has been appointed, the Lenders may perform all the duties of the Administrative Agent hereunder and the Borrowers will make all payments in respect of the Obligations to the applicable Lender and for all other purposes will

deal directly with the Lenders. No successor Administrative Agent will be deemed to be appointed hereunder until such successor Administrative Agent has accepted the appointment. Any such successor Administrative Agent will be a commercial bank having capital and retained earnings of at least \$100,000,000. On the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent will thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Administrative Agent. On the effectiveness of the resignation or removal of the Administrative Agent, the resigning or removed Administrative Agent will be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Administrative Agent, the provisions of this Article 13 will continue in effect for the benefit of such Administrative Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents.

13.12 Syndication Agents; Other Agents; Arrangers No Lender identified on the facing page or signature pages of this Agreement as a Co-Syndication Agent, Documentation Agent, "arranger" or "bookrunner" will have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, no Lender so identified will have or be deemed to have a fiduciary relationship with any other Lender. Each Lender hereby makes the same acknowledgments with respect to such Lenders as it makes with respect to the Administrative Agent in Section 13.10 and acknowledges that it has not relied, and will not rely, on any of the Lenders so identified in deciding to enter into this Agreement or in taking or not taking any action hereunder.

13.13 Delegation to Affiliates. The Borrowers and the Lenders agree that the Administrative Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any Affiliate of the Administrative Agent which performs duties in connection with this Agreement will be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Administrative Agent is entitled under Articles 12 and 13.

ARTICLE 14

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

14.1 Successors and Assigns. The terms and provisions of the Loan Documents will be binding on and inure to the benefit of the Credit Parties which are parties thereto and the Lenders and their respective successors and assigns permitted hereby, except that (i) the Credit Parties will not have the right to assign their rights or obligations under the Loan Documents to which they are parties without the prior written consent of each Lender, (ii) any assignment by any Lender must be made in compliance with Section 14.3, (iii) any transfer by any Lender by participation must be made in compliance with Section 14.2 and (iv) no Lender may assign, or sell a participation to, any Credit Party. Any attempted assignment or transfer by any party not made in compliance with this Section 14.1 will be null and void, unless such attempted assignment or transfer is treated as a participation in accordance with Section 14.3.2. The parties to this Agreement acknowledge that clause (ii) of this Section 14.1 relates only to absolute assignments and this Section 14.1 does not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank; provided, however, that no

such pledge or assignment creating a security interest will release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 14.3. The Administrative Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 14.3; provided, however, that the Administrative Agent may in its discretion (but will not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a Note has been issued in evidence thereof), will be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

14.2 Participations.

14.2.1. Permitted Participants; Effect. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time on obtaining the prior written consent of the Administrative Agent and Unit, sell to one or more banks or other entities ("Participants") participating interests in any Outstanding Credit Exposure of such Lender, any Note held by such Lender, any Elected Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents will remain unchanged, such Lender will remain solely responsible to the other parties hereto for the performance of such obligations, such Lender will remain the owner of its Outstanding Credit Exposure and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrowers under this Agreement will be determined as if such Lender had not sold such participating interests, and the Borrowers and the Administrative Agent will continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents. Voting Rights. Each Lender will retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Credit Extension or Elected Commitment in which such Participant has an interest which would require consent of all of the Lenders under the terms of Section 11.2 or of any other Loan Document. Benefit of Certain Provisions. The Borrowers agree that each Participant will be deemed to have the right of setoff provided in Section 12.19 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender will retain the right of setoff provided in Section 12.19 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 12.19, agrees to share with each Lender, any amount received under the exercise of its right of setoff, such amounts to be shared in accordance with Section 2.21 as if each Participant were a Lender. The Borrowers further agree that each Participant will be entitled to the benefits of Sections 3.1, 3.2, 3.4

and 3.5 to the same extent as if it were a Lender and had acquired its interest by assignment under Section 14.3, provided that (i) a Participant will not be entitled to receive any greater payment under Section 3.1, 3.2 or 3.5 than the Lender who sold the participating interest to such Participant would have received had it retained such interest for its own account, unless the sale of such interest to such Participant is made with the prior written consent of the Borrowers, and (ii) any Participant agrees to comply with the provisions of Section 3.3 to the same extent as if it were a Lender.

14.3 Assignments.

14.3.1. Permitted Assignments. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities other than any Credit Party ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Such assignment will be substantially in the form of Exhibit C or in such other form as may be agreed to by the parties thereto. The consent of Unit, the Administrative Agent and the LC Issuer will be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof; provided, however, that if a Default, Event of Default or Deficiency has occurred and is continuing, the consent of the Unit will not be required. Such consent of Unit will not be unreasonably withheld or delayed. Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate thereof will (unless each of the Credit Parties and the Administrative Agent otherwise consent) be in an amount not less than the lesser of (i) \$15,000,000 or (ii) the remaining amount of the assigning Lender's Elected Commitment (calculated as at the date of such assignment) or outstanding Loans (if the applicable Elected Commitment has been terminated).

14.3.2. Effect; Effective Date. On (i) delivery to the Administrative Agent of a notice of assignment, substantially in the form attached as Exhibit I to Exhibit C (a "Notice of Assignment"), together with any consents required by Section 14.3.1, and (ii) payment of a \$2,500 fee to the Administrative Agent for processing such assignment, such assignment will become effective on the effective date specified in such Notice of Assignment. The Notice of Assignment will contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Elected Commitment and Pro Rata Share of the Outstanding Credit Exposure under the applicable assignment agreement are "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser will for all purposes be a Lender to this Agreement and any other Loan Document executed by or on behalf of the Lenders and will have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by the Credit Parties, the Lenders or the Administrative Agent will be required to release the transferor Lender with respect to the percentage of the Aggregate Elected Commitment Amounts and Outstanding Credit Exposure assigned to such Purchaser. On the consummation of any assignment to a Purchaser under this Section 14.3.2, the transferor Lender, the Administrative Agent and the Borrowers will, if the transferor Lender or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate,

replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Elected Commitments, as adjusted under such assignment.

14.3.3. Register. The Administrative Agent, acting solely for this purpose as an Administrative Agent of the Borrowers, will maintain at its main banking offices in Tulsa, Oklahoma, a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Maximum Credit Amounts and the Elected Commitments of, and principal amounts of the Loans owing to, each Lender under the terms hereof from time to time (the "Register"). The entries in the Register will be conclusive, and the Borrowers, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register under the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register will be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time on reasonable prior notice.

14.4 Dissemination of Information. Subject to the confidentiality requirements of this Agreement, the Borrowers authorize each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Credit Parties and their Subsidiaries, including without limitation any information contained in any reports provided to Administrative Agent; provided that each Transferee and prospective Transferee agrees to be bound by this Agreement.

14.5 Tax Treatment. If any interest in any Loan Document is transferred to any Transferee, the transferor Lender will cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.3(iv).

14.6 Procedure for Increases and Additional Lenders. In the event that neither (i) a Default, an Event of Default or a Deficiency has occurred and remains uncured hereunder nor (ii) a Default, an Event of Default or a Deficiency would be caused by or result from the Borrowers' exercise of the provisions of this Section 14.6, Unit, on behalf of the Borrowers may from time to time after the date of this Agreement request in writing to the Administrative Agent and each of the Lenders specified increases (an "Increase Request") in the Lenders' Aggregate Elected Commitment Amounts above the then applicable Aggregate Elected Commitment Amounts (but in no event shall any such Increase Requests cause the Aggregate Elected Commitment Amounts to exceed the lesser of the Aggregate Maximum Credit Amounts or the Borrowing Base then in effect), subject to the following terms, provisions, conditions and limitations:

14.6.1. Minimum Increased Amount. The minimum amount of each increase in the Aggregate Elected Commitment Amounts requested by Unit in writing as set forth above shall be not less than \$25,000,000 and \$5,000,000 integrals in excess thereof, and no such increase shall be permitted if after giving effect thereto the Aggregate Elected Commitment Amounts exceed the lesser of Aggregate Maximum Credit Amounts or the Borrowing Base then in effect. Such written request shall also specify the proposed effective date of such Increase Request.

14.6.2. Existing Lenders or Additional Lenders In order to effect an Increase Request of the Aggregate Elected Commitment Amounts, the Borrowers shall: (i) obtain an agreement with one or more existing Lenders signatory party hereto to increase its or their Elected Commitment(s) in a total minimum amount of \$25,000,000 and in minimum multiple increments in excess thereof of \$5,000,000; and/or (ii) provided, if one or more of the existing Lenders elects not to increase its Elected Commitment (or increases its Elected Commitment by an amount less than the Pro Rata Share of the requested increase in the Aggregate Elected Commitment Amounts), request any one or more other banking or lending institutions to become parties to this Agreement and agree to issue Elected Commitment(s) such that the total increased amount of the Aggregate Elected Commitment Amounts complies with Section 14.6.1; provided that such one or more other banking or lending institutions are reasonably acceptable to the Administrative Agent and become parties to the Agreement by executing an Increase Request Agreement in the form of Exhibit "D" annexed hereto (the Lenders or other banking institutions that agree to issue such a new or increased Elected Commitment being referred to herein as the "Additional Lenders"). No Lender's Elected Commitment may be increased without the consent of such Lender. Administrative Agent shall have a period of five (5) days from receipt of written notification from Borrowers of the name of any financial institution that shall have agreed to become an Additional Lender in which to consent or withhold consent to the admission of any one or more proposed Additional Lender(s) (which such consent not to be unreasonably withheld or delayed).

14.6.3. Additional Documentation Borrowers shall execute and deliver to the Administrative Agent such replacement or additional Notes in a principal amount equal to each such Lender's and Additional Lender's Maximum Credit Amount after giving effect to such increase, closing opinions and other loan documents and certificates as may be deemed reasonably necessary or appropriate by the Administrative Agent in connection with the consummation of each Increase Request.

14.6.4. Legal Fees and Expenses Borrowers shall pay to the Administrative Agent the reasonable legal fees and expenses incurred by the Administrative Agent in connection with the consummation of each Increase Request.

14.6.5. Conditions to Effectiveness of Increase Request Notwithstanding the foregoing, no Increase Request under this Section 14.6 will be effective with respect to any Lender or Additional Lender unless:

- (a) no Default, Event of Default or Deficiency shall have occurred and be continuing on the date of such Increase Request and after giving effect thereto;
- (b) the representations and warranties contained in this Agreement are true and correct in all material respects on and as of the date of such Increase Request and after giving effect thereto, as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date);

(c) each Additional Lender shall have executed and delivered to the Administrative Agent the Increase Request Agreement and such other documents as the Administrative Agent shall have reasonably required in order for it to subscribe to the terms and conditions of this Agreement and the other Loan Documents;

(d) the secretary or assistant secretary of Unit shall have provided to the Administrative Agent a certified copy of directors' resolutions authorizing such increase in the Aggregate Elected Commitment Amounts and the Total Outstanding Credit Exposure shall have been reallocated ratably among the Lenders (including the Additional Lenders) in accordance with their respective Pro Rata Shares after giving effect to such increase;

(e) all legal matters incident to such increase and the admission of any Additional Lenders under this Agreement shall be reasonably satisfactory to the Administrative Agent and its legal counsel;

(f) the Borrowers shall pay any fees required under Article 2 and this Section 14.6, and for all losses, expenses and liabilities incurred by any Lender in connection with the reallocation of any outstanding Eurodollar Loans;

(g) Within fifteen (15) days after Unit's delivery of the Increase Request, Borrowers obtain approval from the Lenders to so increase their Elected Commitments and/or secure Elected Commitment(s) from Additional Lenders for the full amount of the Increase Request, otherwise, the Increase Request shall become effective only to the extent of the increased or new Elected Commitments actually obtained;

(h) Administrative Agent shall have approved such Increase Request and change in the Aggregate Elected Commitment Amounts (in all respects) in Administrative Agent's sole and absolute discretion; and

(i) Upon any increase in the Aggregate Elected Commitment Amounts pursuant to this Section 14.6 (1) each Lender's maximum Elected Commitment shall be automatically deemed amended to the extent necessary so that each such Lender's Pro Rata Share equals the percentage of the Aggregate Elected Commitment Amount represented by such Lender's Elected Commitment, in each case after giving effect to such increase, and (2) Schedule 2 to this Agreement shall be deemed amended to reflect the Elected Commitment of each Lender (including any Additional Lender) as thereby increased, any changes in the Aggregate Maximum Credit Amounts pursuant to the foregoing clause (1), and any resulting changes in the Lenders' applicable Pro Rata Share.

ARTICLE 15

NOTICES/CONSENTS

15.1 Notices. Except as otherwise permitted by Section 2.9 with respect to Borrowing Notices and except for other communications expressly permitted to be given in accordance with

Section 15.5, all notices, requests and other communications to any party hereunder will be in writing (including facsimile transmission or similar writing) and will be given to such party: (x) in the case of the Borrowers, the Administrative Agent and existing Lenders signatory parties hereto, at its address or facsimile number set forth on the signature pages hereof, (y) in the case of any future or additional Lender, at its address or facsimile number set forth on the Lenders Schedule or the executed Exhibit D pertaining thereto or (z) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Borrowers in accordance with the provisions of this Section 15.1. Each such notice, request or other communication will be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered at the address specified in this Section; provided that notices to the Administrative Agent under Article 2 will not be effective until received.

15.2 Change of Address. The Borrowers, the Administrative Agent and any Lender (i) may each change the address for service of notice on it by a notice in writing to the other parties hereto and (ii) will give such a notice if its address will change.

15.3 Consent to Amendments. To the extent any Notes are issued under this Agreement, each holder of any of the Notes at the time or thereafter outstanding will be bound by any consent authorized by Section 11.2, whether or not the Notes will have been marked to indicate such consent, but any Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between the Credit Parties and any holder of any of the Notes nor any delay in exercising any rights hereunder or under the Notes will operate as a waiver of any rights of any holder of any of the Notes. As used herein and in the Notes, the term "this Agreement" and references thereto will mean this Agreement as it may from time to time be amended, modified or supplemented.

15.4 USA PATRIOT Act Notice To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. Each Lender that is subject to the requirements of the USA PATRIOT Act, Pub. L. No. 107-56 (as amended from time to time, the "*Patriot Act*"), hereby notifies each Borrower of the following: When a Borrower opens an account, the Lender will ask for the Borrower's name, address, tax identification number, and other information that will allow the Lender to identify the Borrower. The Lender will verify and record the information the Lender obtains from the Borrower under the Patriot Act, and will maintain and retain that record in accordance with the regulations promulgated under the Patriot Act.

15.5 Electronic Communications. Notices and other communications to the Lenders and the LC Issuer hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or Intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the LC Issuer pursuant to Article 2 if such Lender or the LC Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic

communication. The Administrative Agent or Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communication sent to an e-mail shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that such notice or other communication is not sent during normal business hours of the recipient on the next business day for the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an internet or intranet website shall be deemed received by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address thereof.

15.6 Acknowledgement and Consent to Bail-In of EEA Financial Institutions Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- (b) the effects of any Bail-in Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

ARTICLE 16 COUNTERPARTS

16.1 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together will constitute one agreement, and any of the parties hereto may execute this Agreement by authenticating any such counterpart. This Agreement will be effective when it has been executed by the Borrowers, the Administrative Agent, the LC Issuer and the Lenders

and each party has notified the Administrative Agent by facsimile transmission or electronic transmission (e-mail) that it has taken such action. All closing documents will be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders.

ARTICLE 17
CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

17.1 Choice of Law. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTR EXPRESS CHOICE OF LAW PROVISION) WILL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL OF THE STATE OF OKLAHOMA, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL E AND WILL BE DEEMED TO HAVE BEEN MADE OR INCURRED UNDER THE LAWS OF THE STAT OKLAHOMA EXCEPT ONLY WHERE THE APPLICABLE REMEDIAL OR PROCEDURAL LAWS OF C JURISDICTIONS IN WHICH PORTIONS OF THE COLLATERAL ARE SITUATED ARE APPLICABLE THERETO.

17.2 Consent to Jurisdiction. THE BORROWERS, THE ADMINISTRATIVE AGENT AND LENDERS HER IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDER OKLAHOMA STATE COURT SITTING IN TULSA, OKLAHOMA IN ANY ACTION OR PROCEEDING ARISIN OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWERS, THE ADMINISTRATIVE AGENT LENDERS HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NO HEREIN WILL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT, THE LC ISSUER OR ANY LEND BRING PROCEEDINGS AGAINST THE BORROWERS IN THE COURTS OF ANY OTHER JURISDICTION.

17.3 No Oral Agreements. THE LOAN DOCUMENTS EMBODY THE ENTIRE AGREEMENT , UNDERSTANDING BETWEEN THE PARTIES AND SUPERSEDE ALL OTHER AGREEMENTS UNDERSTANDINGS BETWEEN SUCH PARTIES RELATING TO THE SUBJECT MATTER HEREOF THEREOF, THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIE MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN PARTIES.

17.4 Exculpation Provisions. EACH OF THE PARTIES HERETO SPECIFICALLY AGREES THAT IT HA DUTY TO READ THIS AGREEMENT, THE NOTES AND THE LOAN DOCUMENTS AND AGREES THAT CHARGED WITH NOTICE AND KNOWLEDGE OF THE TERMS OF THIS AGREEMENT, THE NOTES AN OTHER LOAN DOCUMENTS; THAT IT HAS IN FACT READ THIS AGREEMENT AND IS FULLY INFORMED HAS FULL NOTICE AND KNOWLEDGE OF THE TERMS,

CONDITIONS AND EFFECTS OF THIS AGREEMENT; THAT IT HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS CHOICE THROUGHOUT THE NEGOTIATIONS PRECEDING ITS EXECUTION OF THIS AGREEMENT, THE NOTES AND THE OTHER LOAN DOCUMENTS; AND HAS RECEIVED THE ADVICE OF COUNSEL OF ATTORNEY IN ENTERING INTO THIS AGREEMENT, THE NOTES AND THE OTHER LOAN DOCUMENTS; THAT IT RECOGNIZES THAT CERTAIN OF THE TERMS OF THIS AGREEMENT, THE NOTES AND THE OTHER LOAN DOCUMENTS RESULT IN ONE PARTY ASSUMING THE LIABILITY INHERENT IN SOME ASPECTS OF THIS TRANSACTION AND RELIEVING THE OTHER PARTY OF ITS RESPONSIBILITY FOR SUCH LIABILITY. THE PARTY HERETO AGREES AND COVENANTS THAT IT WILL NOT CONTEST THE VALIDITY OR ENFORCEABILITY OF ANY EXCULPATORY PROVISION OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS ON THE BASIS THAT THE PARTY HAD NO NOTICE OR KNOWLEDGE OF SUCH PROVISION OR THAT THE PROVISION IS NOT "CONSPICUOUS."

17.5 Waiver Of Jury Trial, Punitive Damages, Suretyship Defenses THE BORROWERS, THE ADMINISTRATIVE AGENT, THE LC ISSUER AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, IN ANY MANNER (WHETHER SOUND IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER. EACH BORROWER AND EACH LENDER HEREBY FURTHER (A) IRREVOCABLY WAIVE, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION "SPECIAL DAMAGES," AS DEFINED BELOW, (B) CERTIFY THAT NO PARTY HERETO NOR ITS REPRESENTATIVE OR AGENT OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (C) ACKNOWLEDGE THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION. AS USED IN THIS SECTION, "SPECIAL DAMAGES" INCLUDES ALL SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES (REGARDLESS OF HOW NAMED), BUT DOES NOT INCLUDE ANY PAYMENTS OR FUNDS WHICH ANY PARTY HERETO HAS EXPRESSLY PROMISED TO PAY OR DELIVER TO ANY OTHER PARTY HERETO.

EACH BORROWER UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, (A) NOTICE TO SUCH BORROWER (OTHER THAN UNIT) OF THE INCURRENCE OF SUCH OBLIGATIONS, (B) NOTICE TO SUCH BORROWER (OTHER THAN UNIT) OF ANY BREACH OR DEFAULT WITH RESPECT TO THE OBLIGATIONS OR ANY OTHER NOTICE TO SUCH BORROWER THAT MAY BE REQUIRED BY STATUTE, RULE OF LAW OR OTHERWISE, TO PRESERVE ANY RIGHTS OF SUCH BORROWER, (C) ANY REQUIREMENT OF SUCH BORROWER, (D) ANY REQUIREMENT OF THE ADMINISTRATIVE AGENT OR THE LENDERS AGAINST SUCH BORROWER, (E) ANY REQUIREMENT OF

ADMINISTRATIVE AGENT OR LENDERS TO EXERCISE DILIGENCE OR EXHAUSTION OF REMEDIES
MITIGATE DAMAGES RESULTING FROM ANY DEFAULT UNDER THE LOAN DOCUMENTS, OR
SUBROGATION TO ANY RIGHTS (CONTRACTUAL, UNDER THE UNITED STATES BANKRUPTCY CODE
UNDER COMMON LAW) OF ANY LENDER AGAINST ANOTHER BORROWER OR ANY OTHER
CIRCUMSTANCE WHATSOEVER WHICH MIGHT OTHERWISE CONSTITUTE A LEGAL OR EQUITY
DISCHARGE, RELEASE OR DEFENSE OF SUCH BORROWER AS A SURETY OR WHICH MIGHT OTHERWISE
LIMIT RECOURSE AGAINST SUCH BORROWER. THE PROVISIONS OF THIS SECTION 17.5 SHALL SURVIVE
THE TERM OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND THE PAYMENT IN FULL OF
THE OBLIGATIONS. SIGNATURE PAGES TO FOLLOW

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 6, 2018

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

Exhibit 31.2
302 CERTIFICATIONS

I, Les Austin, 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 6, 2018

/s/ Les Austin

LES AUSTIN

Senior Vice President and Chief Financial Officer

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, 2018 (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, 2018 and December 31, 2017 and for the three and nine month periods ended September 30, 2018 and 2017.

Dated: November 6, 2018

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

Dated: November 6, 2018

By: /s/ Les Austin
Les Austin
Senior Vice President and Chief Financial Officer

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.