Table of Contents

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 June 30, 2010

OR

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

For the transition period from _____ to _____

[Commission File Number 1-9260]

UNIT CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

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

Yes [x] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes [x] No [ ]

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

Large accelerated filer [x] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company [ ]

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 July 30, 2010, 47,836,889 shares of the issuer's common stock were outstanding.

FORM 10-Q
UNIT CORPORATION

TABLE OF CONTENTS

Forward-Looking Statements

This document contains "forward-looking statements" – meaning, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, some of the particular uncertainties that could adversely or positively affect our future results include: our belief regarding our liquidity; our expectation on how we intend to fund our capital expenditures; changes in the demand for and the prices of oil and natural gas; the availability of services to complete wells; the uncertainty related to declines and fluctuations in production volumes; the liquidity of our customers; the behavior of financial markets, including fluctuations in interest and commodity and equity prices; strategic actions, including acquisitions and dispositions; future integration of acquired businesses; future financial performance of industries which we serve, including, without limitation, the energy industries; impact on us and the economy of recently enacted legislation; our belief that the final outcome of our legal proceedings will not materially affect our financial results; and numerous other matters of a national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

UNIT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	June 30, 2010	December 31, 2009
	(In thousands except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,761	$ 1,140
Restricted cash	20	20
Accounts receivable, net of allowance for doubtful accounts of $5,184 at June 30, 2010 and $5,186 at December 31, 2009	90,903	74,382
Materials and supplies	6,915	6,914
Derivative assets (Note 10)	25,856	9,945
Income tax receivable	12,138	15,236
Deferred tax asset	14,423	14,423
Prepaid expenses and other	4,375	6,035
Total current assets	156,391	128,095
Property and equipment:		
Drilling equipment	1,236,789	1,217,361
Oil and natural gas properties using the full cost method:		
Proved properties	2,495,048	2,309,193
Undeveloped leasehold not being amortized	191,835	140,129
Gas gathering and processing equipment	182,175	172,549
Transportation equipment	32,293	30,726
Other	23,452	22,747
	4,161,592	3,892,705
Less accumulated depreciation, depletion, amortization and impairment	1,944,661	1,879,112
Net property and equipment	2,216,931	2,013,593

Goodwill	62,808	62,808
Other intangible assets, net	3,956	5,633
Non-current derivative assets (Note 10)	4,525	0
Other assets	17,095	18,270
Total assets	$ 2,461,706	$ 2,228,399

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

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

	June 30, 2010	December 31, 2009
	(In thousands except share amounts)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 60,503	$ 55,880
Accrued liabilities (Note 5)	34,556	34,571
Contract advances	2,771	3,124
Derivative liabilities (Note 10)	1,028	2,230
Other liabilities (Note 6)	10,383	9,342
Total current liabilities	109,241	105,147
Long-term debt (Note 6)	130,000	30,000
Long-term derivative liabilities (Note 10)	943	1,142
Other long-term liabilities (Note 6)	81,291	79,984
Deferred income taxes	484,058	446,316
Shareholders' equity:		
Preferred stock, $1.00 par value, 5,000,000 shares authorized, none issued	0	0
Common stock, $.20 par value, 175,000,000 shares authorized, 47,836,590 and 47,530,669 shares issued, respectively	9,431	9,405
Capital in excess of par value	393,381	383,957
Accumulated other comprehensive income	17,043	4,458
Retained earnings	1,236,318	1,167,990
Total shareholders' equity	1,656,173	1,565,810
Total liabilities and shareholders' equity	$ 2,461,706	$ 2,228,399

condensed consolidated financial statements.

Table of Contents

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands except per share amounts)			
Revenues:				
Contract drilling	$ 72,061	$ 49,883	$132,915	$ 138,582
Oil and natural gas	91,136	89,601	190,189	178,505
Gas gathering and processing	36,344	23,233	77,479	45,376
Other income, net	5,062	1,357	10,570	2,673
Total revenues	204,603	164,074	411,153	365,136
Expenses:				
Contract drilling:				
Operating costs	46,541	29,779	87,441	80,109
Depreciation	16,445	10,261	30,231	22,880
Oil and natural gas:				
Operating costs	23,817	17,249	48,851	42,065
Depreciation, depletion and amortization	26,319	26,149	51,655	64,155
Impairment of oil and natural gas properties (Note 2)	0	0	0	281,241
Gas gathering and processing:				
Operating costs	28,938	19,199	61,664	39,876
Depreciation and amortization	3,982	4,110	7,923	8,171
General and administrative	6,456	5,493	12,735	11,582
Interest, net	0	61	0	538
Total operating expenses	152,498	112,301	300,500	550,617
Income (loss) before income taxes	52,105	51,773	110,653	(185,481)
Income tax expense (benefit):				

Current	3,825	1,247	6,065	1,247
Deferred	16,105	18,495	36,260	(71,266)
Total income taxes	19,930	19,742	42,325	(70,019)
Net income (loss)	$ 32,175	$ 32,031	$ 68,328	$(115,462)
Net income (loss) per common share:				
Basic	$ 0.68	$ 0.68	$ 1.45	$ (2.46)
Diluted	$ 0.68	$ 0.68	$ 1.43	$ (2.46)

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

Table of Contents

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

	Six Months Ended June 30,	
	2010	2009
	(In thousands)	
OPERATING ACTIVITIES:		
Net income (loss)	$ 68,328	$(115,462)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	90,304	95,743
Impairment of oil and natural gas properties (Note 2)	0	281,241
Unrealized (gain) loss on derivatives	(1,453)	2,940
Deferred tax expense (benefit)	36,260	(71,266)
Gain on disposition of assets	(10,418)	(2,170)
Stock compensation plans	7,476	5,963
Other	1,317	1,219
Changes in operating assets and liabilities increasing (decreasing) cash:		
Accounts receivable	(17,787)	96,981
Accounts payable	2,046	8,567
Material and supplies inventory	(1)	(772)
Accrued liabilities	(2,650)	(4,105)
Contract advances	(353)	(1,816)
Other – net	4,698	11,779
Net cash provided by operating activities	177,767	308,842
INVESTING ACTIVITIES:		
Capital expenditures	(217,544)	(193,326)
Acquisitions	(94,030)	0
Proceeds from disposition of assets	33,985	11,361

Other - net	324	0
Net cash used in investing activities	(277,265)	(181,965)
FINANCING ACTIVITIES:		
Borrowings under line of credit	166,400	71,100
Payments under line of credit	(66,400)	(159,600)
Proceeds from exercise of stock options	119	17
Book overdrafts	0	(38,021)
Net cash provided by (used in) financing activities	100,119	(126,504)
Net increase in cash and cash equivalents	621	373
Cash and cash equivalents, beginning of period	1,140	584
Cash and cash equivalents, end of period	$ 1,761	$ 957

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)			
Net income (loss)	$ 32,175	$ 32,031	$ 68,328	$(115,462)
Other comprehensive income (loss), net of taxes:				
Change in value of derivative instruments used as cash flow hedges, net of tax of $1,360, ($8,038), $16,027 and $21,368	2,194	(15,052)	25,866	33,953
Reclassification - derivative settlements, net of tax of ($6,048), ($11,855), ($8,062) and ($21,702)	(9,764)	(19,340)	(13,016)	(35,894)
Ineffective portion of derivatives, net of tax of $253, $27, ($164) and $43	409	48	(265)	76
Comprehensive income (loss)	$ 25,014	$ (2,313)	$ 80,913	$(117,327)

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

UNIT CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 - BASIS OF PREPARATION AND PRESENTATION

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

The accompanying condensed consolidated financial statements are unaudited and do not include all the notes in our annual financial statements. This quarterly report should be read in conjunction with the audited consolidated financial statements and notes included in our Form 10-K, filed February 23, 2010, for the year ended December 31, 2009.

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

- Balance Sheets at June 30, 2010 and December 31, 2009;
- Statements of Operations for the three and six months ended June 30, 2010 and 2009;
- Cash Flows for the six months ended June 30, 2010 and 2009; and
- Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2010 and 2009.

Our financial statements are prepared in conformity with generally accepted accounting principles in the United States which requires us to make estimates and assumptions that affect the amounts reported in our condensed consolidated financial statements and accompanying notes. Actual results may differ from those estimates. Results for the three and six months ended June 30, 2010 and 2009 are not necessarily indicative of the results to be realized for the full year in the case of 2010, or that we realized for the full year of 2009.

With respect to our unaudited financial information for the three and six month periods ended June 30, 2010 and 2009, included in this quarterly report, PricewaterhouseCoopers LLP reported that it applied limited procedures in accordance with professional standards for a review of that information. Its separate report, dated August 5, 2010, which is included in this quarterly report, states that it did not audit and it does not express an opinion on that unaudited financial information. Accordingly, the degree of reliance placed on its report of such information should be restricted in light of the limited review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 (Act) for its report on the unaudited financial information because that report is not a "report" or a "part" of a registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Act.

NOTE 2 –OIL AND NATURAL GAS PROPERTIES

Full cost accounting rules require us to review the carrying value of our oil and natural gas properties at the end of each quarter. Under those rules, the maximum amount we are allowed as the carrying value of those properties is referred to as the ceiling. The ceiling is defined as the sum of the present value (using a 10% discount rate) of the estimated future net revenues from our proved reserves based on the unescalated 12-month average price on our oil, NGLs and natural gas adjusted for any cash flow hedges, plus the cost of properties not being amortized, plus the lower of cost or estimated fair value of unproved properties included in the costs being amortized, less related income taxes. In the event the unamortized cost of the amortized oil and natural gas properties exceeds the full cost ceiling, the excess amount is charged to expense in the period during which the excess occurs, even if prices are depressed for only a short period of time. Once incurred, a write-down of oil and natural gas properties is not reversible.

Starting December 31, 2009, companies using full cost accounting transitioned from using the single-day period-end commodity prices to calculate discounted future revenues to the unweighted arithmetic average of the commodity prices on the first day of the month for each month within the 12-month period before the end of the reporting period, unless prices were defined by contractual arrangements.

We recorded a non-cash ceiling test write down of $281.2 million pre-tax ($175.1 million, net of tax) during the quarter that ended March 31, 2009. This write down resulted from the decline in commodity prices at the end of the first quarter of 2009 as compared to prices existing at the end of 2008. Derivative instruments qualifying as cash flow hedges were included in determining the limitation on the capitalized costs in our March 31, 2009 ceiling test calculation. The effect of including those hedges was a $197.9 million pre-tax increase in the discounted net cash flow of our oil and natural gas properties. Our qualifying cash flow hedges as of March 31, 2009, which consisted of swaps and collars, covered 2009 production of 30.3 Billion cubic feet of natural gas equivalent (Bcfe) and 2010 production of 33.2 Bcfe.

At June 30, 2010, 12-month average commodity prices, including the discounted value of our commodity hedges, were at levels that did not require us to take a ceiling test write-down. However, if there are declines in the 12-month average prices, including the discounted value of our commodity hedges, a write-down of the carrying value of our oil and natural gas properties may be required in future periods. Our qualifying cash flow hedges as of June 30, 2010, which consisted of swaps and collars, covered 19.0 Bcfe in 2010, 12.1 Bcfe in 2011 and 8.8 Bcfe in 2012. The effect of those hedges on the June 30, 2010 ceiling test was a $52.2 million pre-tax increase in the discounted net cash flows of our oil and natural gas properties. However, even without the impact of the hedges, we would not have been required to take a write down for the quarter. Our oil and natural gas hedging is discussed in Note 10 of the Notes to our Condensed Consolidated Financial Statements.

NOTE 3 –ACQUISITIONS

During the second quarter of 2010, we completed an acquisition of oil and natural gas properties from certain unaffiliated third parties for approximately $75.0 million in cash, subject to post-closing adjustments which is included in oil and gas properties. The acquisition includes approximately 45,000 net acres and 11 producing oil wells and is focused on the Marmaton horizontal oil play located primarily in Beaver County, Oklahoma. Proved developed producing net reserves associated with the 11 acquired producing wells is approximately 900,000 barrels of oil equivalent — consisting of 600,000 barrels of oil, 200,000 barrels of NGLs and 700 MMcf of natural gas.

Also during the second quarter of 2010, we completed an acquisition of approximately 32,000 net acres of undeveloped oil and gas leasehold located in Southwest Oklahoma and North Texas for approximately $17.6 million.

NOTE 4 - EARNINGS PER SHARE

Information related to the calculation of earnings (loss) per share follows:

	Income (Numerator)	Weighted Shares (Denominator)	Per-Share Amount
	(In thousands except per share amounts)		
For the three months ended June 30, 2010:			
Basic earnings per common share	$ 32,175	47,171	$ 0.68
Effect of dilutive stock options, restricted stock and stock appreciation rights (SARs)	0	485	0
Diluted earnings per common share	$ 32,175	47,656	$ 0.68
For the three months ended June 30, 2009:			
Basic earnings per common share	$ 32,031	47,008	$ 0.68
Effect of dilutive stock options, restricted stock and SARs	0	350	0
Diluted earnings per common share	$ 32,031	47,358	$ 0.68

The number of stock options and SARs (and their average exercise price) not included in the above computation because their option exercise prices were greater than the average market price of our common stock was:

	Three Months Ended June 30,	
	2010	2009
Stock options and SARs	233,401	362,717
Average Exercise Price	$ 53.12	$ 47.66

	Income/(Loss) (Numerator)	Weighted Shares (Denominator)	Per-Share Amount
	(In thousands except per share amounts)		
For the six months ended June 30, 2010:			
Basic earnings per common share	$ 68,328	47,146	$ 1.45
Effect of dilutive stock options, restricted stock and SARs	0	525	(0.02)
Diluted earnings per common share	$ 68,328	47,671	$ 1.43
For the six months ended June 30, 2009:			
Basic loss per common share	$ (115,462)	46,965	$ (2.46)
Effect of dilutive stock options, restricted stock and SARs	0	0	0
Diluted loss per common share	$ (115,462)	46,965	$ (2.46)

Because we had a net loss for the six months ended June 30, 2009, approximately 300,000 weighted average shares related to stock options and SARs were antidilutive and not included in the calculation of earnings per share above. 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:

	Six Months Ended June 30,	
	2010	2009
Stock options and SARs	132,165	376,717
Average Exercise Price	$ 59.87	$ 46.94

NOTE 5 – ACCRUED LIABILITIES

Accrued liabilities consisted of the following:

	June 30, 2010	December 31, 2009
	(In thousands)	
Employee costs	$ 9,887	$ 13,307
Lease operating expenses	5,011	6,244
Taxes	14,776	5,085
Other	4,882	9,935
Total accrued liabilities	$ 34,556	$ 34,571

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

Long-Term Debt

As of the dates in the table, long-term debt consisted of the following:

	June 30, 2010	December 31, 2009
	(In thousands)	
Revolving credit facility with interest, including the effect of hedging, of 4.7% at June 30, 2010 and 4.3% at December 31, 2009	$130,000	$ 30,000
Less current portion	0	0
Total long-term debt	$130,000	$ 30,000

Our existing bank credit agreement (Credit Facility) has a maximum credit amount of $400.0 million maturing on May 24, 2012. The lenders' commitment under the Credit Facility is $325.0 million. Our borrowings under the Credit Facility are limited to the commitment amount that we elect. As of June 30, 2010, the commitment amount was $325.0 million. We are charged a commitment fee ranging from 0.375 to 0.50 of 1% on the amount available but not borrowed with the rate varying based on the amount borrowed as a percentage of the amount of the total borrowing base. To date we have paid $1.2 million in origination, agency and syndication fees under the Credit Facility. We are amortizing these fees over the life of the agreement.

The lenders' aggregate commitment is limited to the lesser of the amount of the value of the borrowing base or $400.0 million. The amount of the borrowing base, which is subject to redetermination on April 1 and October 1 of each year, is based primarily on a percentage of the discounted future value of our oil and natural gas reserves and, to a lesser extent, the loan value the lenders reasonably attribute to the cash flow (as defined in the Credit Facility) of our mid-stream segment. The April 1, 2010 redetermination set the borrowing base at $500.0 million. We or the lenders may request a onetime special redetermination of the borrowing base amount between each scheduled redetermination. In addition, we may request a redetermination following the completion of an acquisition that meets the requirements set forth in the Credit Facility.

At our election, any part of the outstanding debt under the Credit Facility may be fixed at a London Interbank Offered Rate (LIBOR) for a 30, 60, 90 or 180 day period. During any LIBOR funding period, the outstanding principal balance of the promissory note to which the LIBOR option applies may be repaid after three days prior notice to the administrative agent and on payment of any applicable funding indemnification amounts. LIBOR interest is computed as the sum of the LIBOR base applicable for the interest period plus 1.75% to 2.50% depending on the level of debt as a percentage of the borrowing base and payable at the end of each term, or every 90 days, whichever is less. Borrowings not under LIBOR bear interest at the BOK Financial Corporation (BOKF) National Prime Rate, which cannot be less than LIBOR plus 1.00%, and is payable at the end of each month and the principal borrowed may be paid at any time, in part or in whole, without a premium or penalty. At June 30, 2010, all of our $130.0 million in outstanding borrowings were subject to LIBOR.

The Credit Facility prohibits:

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

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

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

As of June 30, 2010, we were in compliance with all the covenants contained in the Credit Facility.

Based on the borrowing rates currently available to us for debt with similar terms and maturities and consideration of our non-performance risk, long-term debt at June 30, 2010 approximates its fair value.

At June 30, 2010, the carrying values of cash and cash equivalents, accounts receivable, accounts payable, other current assets and current liabilities on the condensed consolidated balance sheets approximate fair value because of their short term nature.

Other Long-Term Liabilities

Other long-term liabilities consisted of the following:

	June 30, 2010	December 31, 2009
	(In thousands)	
Asset retirement obligations (ARO)	$ 58,848	$ 56,404
Workers' compensation	22,479	22,974
Separation benefit plans	4,921	4,681
Gas balancing	3,263	3,263
Deferred compensation plan	2,163	2,004
	91,674	89,326
Less current portion	10,383	9,342
Total other long-term liabilities	$ 81,291	$ 79,984

The estimated total annual principal payments due under the terms of debt and other long-term liabilities during each of the five successive twelve month periods beginning July 1, 2010 (and through 2015) are $10.4 million, $147.8 million, $3.1 million, $2.9 million and $2.7 million, respectively.

NOTE 7 – ASSET RETIREMENT OBLIGATIONS

We are required to record the fair value of liabilities associated with the future retirement of our long-lived assets. Our oil and natural gas wells are required to be 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 expense 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.

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

	Six Months Ended June 30,	
	2010	2009
	(In thousands)	
ARO liability, January 1:	$ 56,404	$ 49,230
Accretion of discount	1,393	1,250
Liability incurred	1,402	2,162
Liability settled	(442)	(2,071)
Revision of estimates	91	15
ARO liability, June 30:	58,848	50,586
Less current portion	1,760	968
Total long-term plugging liability	$ 57,088	$ 49,618

NOTE 8 - NEW ACCOUNTING PRONOUNCEMENTS

Improving Disclosures about Fair Value Measurements. In January 2010, the FASB issued ASU 2010-06 – *Fair Value Measurements and Disclosures (ASC 820): Improving Disclosures about Fair Value Measurements*, which provides additional guidance to improve disclosures regarding fair value measurements. The ASU amends ASC 820-10, *Fair Value Measurements and Disclosures—Overall* (formerly FAS 157, *Fair Value Measurements)* to add two new disclosures: (1) transfers in and out of Level 1 and 2 measurements and the reasons for the transfers, and (2) a gross presentation of activity within the Level 3 roll forward. The ASU also includes clarifications to existing disclosure requirements on the level of disaggregation and disclosures regarding inputs and valuation techniques. The ASU applies to all entities required to make disclosures about recurring and nonrecurring fair value measurements. The effective date of the ASU is the first interim or annual reporting period beginning after December 15, 2009 and was adopted January 1, 2010, except for the gross presentation of the Level 3 roll forward information, which is required for annual reporting periods beginning after December 15, 2010 and for interim reporting periods within those years. This statement did not and will not have a significant impact on us due to it only requiring enhanced disclosures.

NOTE 9 – STOCK-BASED COMPENSATION

For the three and six months ended June 30, 2010, we recognized stock compensation expense for restricted stock awards, stock options and stock settled SARs of $3.0 million and $5.5 million, respectively, and capitalized stock compensation cost for oil and natural gas properties of $0.8 million and $1.3 million, respectively. For these same periods, the tax benefit related to this stock based compensation was $1.2 million and $2.1 million, respectively. For the three and six months ended June 30, 2009, we recognized stock compensation expense for restricted stock awards, stock options and stock settled SARs of $1.8 million and $3.7 million, respectively, and capitalized stock compensation cost for oil and natural gas properties of $0.5 million and $1.1 million, respectively. The tax benefit related to this stock based compensation was $0.7 million and $1.4 million, respectively. The remaining unrecognized compensation cost related to unvested awards at June 30, 2010 is approximately $9.4 million with $1.9 million of this amount anticipated to be capitalized. The weighted average period of time over which this cost will be recognized is 0.6 years.

The table shows the estimates of the fair value of each stock option granted under the Unit Corporation 2000 Non-employee Directors Stock Option Plan during the periods using the Black-Scholes model and applying the estimated values also presented in the table:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Options granted (1)	52,504	3,496	52,504	3,496
Estimated fair value (in millions)	$ 0.8	$ 0.1	$ 0.8	$ 0.1
Estimate of stock volatility	0.45	0.41	0.45	0.41
Estimated dividend yield	0%	0%	0%	0%
Risk free interest rate	2%	2%	2%	2%
Expected annual life based on prior experience	5	5	5	5
Forfeiture rate	0%	5%	0%	5%

(1) On May 29, 2009, eight of our directors were each issued 3,063 options contingent on shareholder approval, which was received at the May 5, 2010 annual shareholder's meeting. These 24,504 options granted and vested simultaneously with that approval.

Expected volatilities are based on the historical volatility of our stock. Within the model, we use historical data to estimate stock option exercise and termination rates and aggregates groups that have similar historical exercise behavior for valuation purposes. To date, we have not paid dividends on our stock. The risk free interest rate is computed from the LIBOR rate using the term over which it is anticipated the grant will be exercised. The stock options granted in the second quarter of 2010 increased stock compensation expense for the second quarter and first six months of 2010 by $0.5 million.

There were no restricted stock awards granted for the three months ended June 30, 2010 or 2009. This table shows the fair value of the restricted stock awards granted during the periods indicated:

	Six Months Ended June 30,	
	2010	2009
Shares granted	248,383	0
Estimated fair value (in millions)	$ 10.6	$ 0
Percentage of shares granted Expected to be distributed	93%	0%

The restricted stock awards granted during the first six months of 2010 will be recognized over their two and three year vesting periods. These awards increased stock compensation expense and the capitalized cost related to our oil and natural gas properties for the first six months of 2010 by $3.1 million.

NOTE 10 – DERIVATIVES

Interest Rate Swaps

From time to time we enter into interest rate swaps to manage our exposure to possible future interest rate increases. Under these transactions we swap the variable interest rate we would otherwise pay on a portion of our bank debt for a fixed interest rate. As of June 30, 2010, we had two outstanding interest rate swaps; both were cash flow hedges. There was no material amount of ineffectiveness. This table provides certain information about those interest rate swaps:

Term	Amount	Fixed Rate	Floating Rate
July 2010 – May 2012	$ 15,000,000	4.53%	3 month LIBOR
July 2010 – May 2012	$ 15,000,000	4.16%	3 month LIBOR

Commodity Derivatives

We have entered into various types of derivative instruments covering some of our projected natural gas, natural gas liquids and oil production. These transactions are intended to reduce our exposure to market price volatility by setting the price(s) that we will receive for that production. Our decisions on the type and quantity of our production and the price(s) of our hedges is based, in part, on our view of current and future market conditions. As of June 30, 2010, our derivative instruments consisted of the following types of swaps and collars:

- Swaps. We receive or pay a fixed price for the hedged commodity and pay or receive a floating market price to or from the counterparty. The fixed-price payment and the floating-price payment are netted, resulting in a net amount due to or from the counterparty.

- 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.

- *Basis Swaps.* We receive or pay the NYMEX settlement value plus or minus a fixed delivery point price for the hedged commodity and pay or receive the published index price at the specified delivery point. We use basis swaps to hedge the price risk between NYMEX and its physical delivery points.

Oil and Natural Gas Segment:

At June 30, 2010, the following cash flow hedges were outstanding:

Term	Commodity	Hedged Volume	Weighted Average Fixed Price for Swaps	Hedged Market
Jul'10 – Dec'10	Crude oil - collar	1,000 Bbl/day	$67.50 put & $81.53 call	WTI – NYMEX
Jul'10 – Dec'10	Crude oil – swap	1,500 Bbl/day	$61.36	WTI – NYMEX
Jan'11 – Dec'11	Crude oil – swap	2,500 Bbl/day	$80.32	WTI – NYMEX
Jan'12 – Dec'12	Crude oil – swap	1,500 Bbl/day	$82.49	WTI – NYMEX
Jul'10 – Dec'10	Natural gas – swap	15,000 MMBtu/day	$7.20	IF – NYMEX (HH)
Jul'10 – Dec'10	Natural gas – swap	20,000 MMBtu/day	$6.89	IF – Tenn Zone 0
Jul'10 – Dec'10	Natural gas – swap	30,000 MMBtu/day	$6.12	IF – CEGT
Jul'10 – Dec'10	Natural gas – swap	20,000 MMBtu/day	$5.67	IF – PEPL
Jul'10 – Dec'10	Natural gas – basis differential swap	10,000 MMBtu/day	($0.79)	PEPL – NYMEX
Jan'11 – Dec'11	Natural gas – swap	15,000 MMBtu/day	$5.56	IF – NYMEX (HH)
Jan'11 – Dec'11	Natural gas – basis differential swap	15,000 MMBtu/day	($0.14)	Tenn Zone 0 – NYMEX
Jan'12 – Dec'12	Natural gas – swap	15,000 MMBtu/day	$5.62	IF – PEPL
Jul'10 – Dec'11	Liquids – swap (1)	644,406 Gal/mo	$0.98	OPIS – Conway

(1) Types of liquids involved are natural gasoline, ethane, propane, isobutane and normal butane.

At June 30, 2010, the following non-qualifying cash flow derivatives were outstanding:

Term	Commodity	Hedged Volume	Basis Differential	Hedged Market
Jan'11 – Dec'11	Natural gas – basis differential swap	15,000 MMBtu/day	($0.14)	Tenn Zone 0 – NYMEX
Jan'11 – Dec'11	Natural gas – basis differential swap	10,000 MMBtu/day	($0.21)	CEGT – NYMEX
Jan'11 – Dec'11	Natural gas – basis differential swap	10,000 MMBtu/day	($0.225)	PEPL – NYMEX

The following tables present the fair values and locations where these derivative instruments are recorded in our balance sheets:

		Derivative Assets Fair Value	
	Balance Sheet Location	June 30, 2010	December 31, 2009
		(In thousands)	
Derivatives designated as hedging instruments			
Commodity derivatives:			
Current	Current derivative assets	$ 25,344	$ 9,945
Long-term	Non-current derivative assets	4,013	0

Total derivatives designated as hedging Instruments		29,357	9,945
Derivatives not designated as hedging instruments			
Commodity derivatives (basis swaps):			
Current			
	Current derivative assets	512	0
Long-term			
	Non-current derivative assets	512	0
Total derivatives not designated as hedging instruments		1,024	0
Total derivative assets		$ 30,381	$ 9,945

	Balance Sheet Location	Derivative Liabilities Fair Value June 30, 2010	Derivative Liabilities Fair Value December 31, 2009
		(In thousands)	
Derivatives designated as hedging instruments			
Interest rate swaps:			
Current	Current portion of derivative liabilities	$ 1,028	$ 806
Long-term	Other long-term derivative liabilities	943	1,142
Commodity derivatives:			
Current	Current portion of derivative liabilities	0	1,424
Total derivative liabilities		$ 1,971	$ 3,372

If a legal right of set-off exists, we net in our balance sheets the value of the derivative arrangements we have with the same counterparty.

We recognize in accumulated other comprehensive income (OCI) the effective portion of any changes in fair value and reclassify the recognized gains (losses) on the sales to revenue and the purchases to expense as the underlying transactions are settled. As of June 30, 2010 and 2009, we had a gain of $17.0 million and $31.4 million, net of tax, respectively, in accumulated OCI.

Based on market prices at June 30, 2010, we expect to transfer to earnings approximately $15.5 million, net of tax, of the gain included in accumulated OCI over the next 12 months as the various transactions are settled. The interest rate swaps and the commodity derivative instruments existing as of June 30, 2010 are expected to mature by May 2012 and December 2012, respectively.

Certain derivatives do not qualify as cash flow hedges. Currently, we have three basis swaps that do not qualify as cash flow hedges. For these types of derivatives, any changes in the fair value that occurs before their maturity (i.e., temporary fluctuations in value) are reported in the condensed consolidated statements of operations within our oil and natural gas revenues. Changes in the fair value of derivative instruments designated as cash flow hedges, to the extent they are effective in offsetting cash flows attributable to the hedged risk, are recorded in OCI until the hedged item is recognized into earnings. Any change in fair value resulting from ineffectiveness is recognized in our oil and natural gas revenues.

Effect of derivative instruments on the Condensed Consolidated Statement of Operations (cash flow hedges):

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in Accumulated OCI on Derivative (Effective Portion) (1) Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
	(In thousands)	
Interest rate swaps	$ (1,217)	$ (1,220)
Commodity derivatives	18,260	32,639
Total	$ 17,043	$ 31,419

(1) Net of taxes.

Effect of derivative instruments on the Condensed Consolidated Statement of Operations (cash flow hedges):

Derivative Instrument	Location of Gain or (Loss) Reclassified from Accumulated OCI into Income & Location of Gain or (Loss) Recognized in Income	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (1)		Amount of Gain or (Loss) Recognized in Income (2)	
		Three Months Ended June 30,		Three Months Ended June 30,	
		2010	2009	2010	2009
		(In thousands)			
Commodity derivatives					
	Oil and natural gas revenue	$ 16,114	$ 31,444	$ (662)	$ (75)
Interest rate swaps					
	Interest, net	(302)	(249)	0	0
	Total	$ 15,812	$ 31,195	$ (662)	$ (75)

(1) Effective portion of gain (loss).
(2) Ineffective portion of gain (loss).

Effect of derivative instruments on the Condensed Consolidated Statement of Operations (derivatives not designated as hedging instruments):

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative	
		Three Months Ended June 30,	
		2010	2009
		(In thousands)	
Commodity derivatives (basis swaps)			
	Oil and natural gas revenue	$ 967	$ (1,283)
Total		$ 967	$ (1,283)

Effect of derivative instruments on the Condensed Consolidated Statement of Operations (cash flow hedges):

Derivative Instrument	Location of Gain or (Loss) Reclassified from Accumulated OCI into Income & Location of Gain or (Loss) Recognized in Income	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (1)		Amount of Gain or (Loss) Recognized in Income (2)	
		Six Months Ended June 30,		Six Months Ended June 30,	
		2010	2009	2010	2009
		(In thousands)			
Commodity derivatives					
	Oil and natural gas revenue	$ 21,687	$ 58,033	$ 429	$ (119)
Interest rate swaps					
	Interest, net	(609)	(437)	0	0
	Total	$ 21,078	$ 57,596	$ 429	$ (119)

(1) Effective portion of gain (loss).
(2) Ineffective portion of gain (loss).

Effect of derivative instruments on the Condensed Consolidated Statement of Operations (derivatives not designated as hedging instruments):

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative	
		Six Months Ended June 30,	
		2010	2009
		(In thousands)	
Commodity derivatives (basis swaps)			
	Oil and natural gas revenue	$ 1,024	$ (2,391)
Total		$ 1,024	$ (2,391)

NOTE 11 – FAIR VALUE MEASUREMENTS

Fair value is defined as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants (in either case, an exit price). Exit price is estimated using a three-level hierarchy that prioritizes 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 that are 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 which are 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.

The following tables show our recurring fair value measurements:

	June 30, 2010			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Financial assets (liabilities):				
Interest rate swaps	$ 0	$ 0	$(1,971)	$(1,971)
Commodity derivatives	$ 0	$ (2,932)	$33,313	$30,381

	December 31, 2009			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Financial assets (liabilities):				
Interest rate swaps	$ 0	$ 0	$(1,948)	$(1,948)
Commodity derivatives	$ 0	$(11,427)	$19,948	$ 8,521

The following methods and assumptions were used to estimate the fair values of the assets and liabilities in the table above.

Level 2 Fair Value Measurements:

Commodity Derivatives. Our crude oil swaps are measured using estimated internal discounted cash flow calculations based on the NYMEX futures index.

Level 3 Fair Value Measurements:

Interest Rate Swaps. Our interest rate swaps are based on estimates provided by our respective counterparties and reviewed internally against established index prices and other sources.

Commodity Derivatives. Our natural gas and natural gas liquids swaps, basis swaps and crude oil and natural gas 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 tables show the reconciliations of our level 3 fair value measurements:

	Net Derivatives			
	Three Months Ended June 30, 2010		Six Months Ended June 30, 2010	
	Interest Rate Swaps	Commodity Swaps and Collars	Interest Rate Swaps	Commodity Swaps and Collars
	(In thousands)			
Beginning of period	$ (2,019)	$ 51,439	$ (1,948)	$ 19,948
Total gains or losses (realized and unrealized):				
Included in earnings (loss) (1)	(302)	18,690	(609)	27,764
Included in other comprehensive income (loss)	48	(18,431)	(23)	11,912
Purchases, issuance and settlements	302	(18,385)	609	(26,311)
End of period	$ (1,971)	$ 33,313	$ (1,971)	$ 33,313
Total gains (losses) for the period included in earnings attributable to the change in unrealized gain (loss) relating to assets still held at end of period	$ 0	$ 305	$ 0	$ 1,453

(1) Interest rate swaps and commodity swaps and collars are reported in the condensed consolidated statements of operations in interest, net and revenues, respectively.

	Net Derivatives			
	Three Months Ended June 30, 2009		Six Months Ended June 30, 2009	
	Interest Rate Swaps	Commodity Swaps and Collars	Interest Rate Swaps	Commodity Swaps and Collars
	(In thousands)			
Beginning of period	$ (2,479)	$ 109,413	$ (2,516)	$ 58,508
Total gains or losses (realized and unrealized):				
Included in earnings (loss) (1)	(249)	28,248	(437)	52,126
Included in other comprehensive income (loss)	510	(59,248)	547	(6,375)
Purchases, issuance and settlements	249	(29,220)	437	(55,066)
End of period	$ (1,969)	$ 49,193	$ (1,969)	$ 49,193
Total gains (losses) for the period included in earnings attributable to the change in unrealized gain (loss) relating to assets still held at end of period	$ 0	$ (972)	$ 0	$ (2,940)

(1) Interest rate swaps and commodity sales swaps and collars are reported in the condensed consolidated statements of operations in interest, net and revenues, respectively.

Based on our valuation at June 30, 2010, we determined that the non-performance risk with regard to our counterparties was immaterial.

NOTE 12 - INDUSTRY SEGMENT INFORMATION

Our three main business segments and the different products and services they offer are:

Segment	Services or Products
Contract drilling	Land contract drilling of oil and natural gas wells

Oil and natural gas	Development, acquisition and production of oil and natural gas properties
Mid-stream	Buying, selling, gathering, processing and treating of natural gas

We evaluate each segment's performance based on its operating income (loss), defined as its operating revenues less operating expenses and depreciation, depletion, amortization and impairment. Our natural gas production in Canada is not significant.

The following table provides certain information about the operations of each of our segments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)			
Revenues:				
Contract drilling	$ 82,046	$ 53,124	$149,547	$ 144,448
Elimination of inter-segment revenue	(9,985)	(3,241)	(16,632)	(5,866)
Contract drilling net of inter-segment revenue	72,061	49,883	132,915	138,582
Oil and natural gas	91,136	89,601	190,189	178,505
Gas gathering and processing	47,008	30,303	100,742	60,959
Elimination of inter-segment revenue	(10,664)	(7,070)	(23,263)	(15,583)
Gas gathering and processing net of inter-segment revenue	36,344	23,233	77,479	45,376
Other	5,062	1,357	10,570	2,673
Total revenues	$ 204,603	$ 164,074	$411,153	$ 365,136
Operating income (loss) (1):				
Contract drilling	$ 9,075	$ 9,843	$ 15,243	$ 35,593
Oil and natural gas (2)	41,000	46,203	89,683	(208,956)
Gas gathering and processing	3,424	(76)	7,892	(2,671)
Total operating income (loss)	53,499	55,970	112,818	(176,034)
General and administrative expense	(6,456)	(5,493)	(12,735)	(11,582)
Interest expense, net	0	(61)	0	(538)
Other income, net	5,062	1,357	10,570	2,673
Income (loss) before income taxes	$ 52,105	$ 51,773	$110,653	$(185,481)

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

(2) In March 2009, we incurred a $281.2 million pre-tax ($175.1 million net of tax) non-cash write down of our oil and natural gas properties due to low commodity prices existing at the end of the first quarter 2009.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Unit Corporation

We have reviewed the accompanying condensed consolidated balance sheet of Unit Corporation and its subsidiaries as of June 30, 2010, and the related condensed consolidated statements of operations and comprehensive income (loss) for the three and six-month periods ended June 30, 2010 and 2009 and the condensed consolidated statements of cash flows for the six-month periods ended June 30, 2010 and 2009. These interim financial statements are the responsibility of the company's management.

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

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

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2009, and the related consolidated statements of operations, shareholders' equity and of cash flows for the year then ended (not presented herein), and in our report dated February 23, 2010, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2009, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

Tulsa, Oklahoma
August 5, 2010

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

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

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

MD&A should be read in combination with the unaudited condensed consolidated financial statements and related notes included in this quarterly report and the information contained in our most recent Annual Report on Form 10-K.

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.

General

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

- *Contract Drilling* – carried out by our subsidiary Unit Drilling Company and its subsidiaries. This segment contracts to drill onshore oil and natural gas wells for others and for our own account.
- *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.
- *Gas Gathering and Processing (Mid-Stream)* – carried out by our subsidiary 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 own account.

Business Outlook

As discussed in other parts of this quarterly report, the success of our consolidated business, as well as each of our three operating segments depends, to a large extent, on: the prices received for our natural gas, natural gas liquids and oil production; the demand for oil and natural gas; and the demand for our drilling rigs which, in turn, influences the amounts we can charge for the use of those drilling rigs. While to-date all of our operations (with the exception of a minor amount of production in Canada) are located within the United States, events outside the United States can and do impact us and our industry.

In addition to their direct impact on us, low commodity prices-if sustained for a long period of time-could impact the liquidity of some of our industry partners and customers which, in turn, could limit their ability to meet their financial obligations to us.

The slowdown in the United States and world economies starting in late 2008 resulted in less demand for oil and natural gas products by those industries and consumers that use those products in their businesses. The long-term impact on our business and financial results as a consequence of the volatility in oil and natural gas prices and the global economic downturn is uncertain.

In developing our initial operating budget for the year 2010, we used average oil and natural gas prices of $72.00 per Bbl and $5.30 per Mcf. We will continue to monitor this budget and adjust it as necessary. We expect to fund our 2010 operating budget using internally generated cash flow and to a lesser extent from borrowings under our credit facility.

Executive Summary

Contract Drilling

Our utilization rate for the second quarter 2010 was 47%, compared to 40% and 24% in the first quarter of 2010 and the second quarter 2009, respectively. Dayrates for the second quarter of 2010 averaged $14,915, an increase of 6% from the first quarter of 2010 and a decrease of 14% from the second quarter of 2009. Direct profit (contract drilling revenue less contract drilling operating expense) increased 28% from the first quarter of 2010 and 27% from the second quarter of 2009. The increase was primarily due to the increase in utilization over the comparative periods. Operating cost per day decreased 1% from the first quarter of 2010 and decreased 15% from the second quarter of 2009. The decrease from the second quarter of 2009 was primarily due to decreased per day indirect cost and decreases in workers' compensation costs and fixed cost spread over more days due to increased utilization. While we experienced increased drilling activity and spending by our customers during the first six months of 2010, relatively weak natural gas prices over the same period, if sustained, could limit further increases and result in reduced activity in the remainder of 2010.

In January and February 2010, our contract drilling segment entered into contracts to sell eight of its idle mechanical drilling rigs to an unaffiliated third party. These drilling rigs ranged in horse power from 800 to 1,000. The closing on six of these drilling rigs occurred in the first quarter. The last transaction for the remaining two rigs closed in the second quarter of 2010. Proceeds from the sale of those drilling rigs were $23.9 million with a gain of $5.7 million. These proceeds will be used to refurbish and upgrade additional drilling rigs in our fleet allowing those rigs to be used in horizontal drilling operations. We also placed into service in our Rocky Mountain division a 1,500 horsepower, diesel-electric drilling rig that previously had been placed on hold during 2009 by our customer. We currently have 123 drilling rigs in our fleet.

As of June 30, 2010, we had 42 long-term drilling contracts for which the original terms ranged from 6 months to two years. Thirteen of these contracts are up for renewal during 2010, 28 are up for renewal during 2011 and one is up for renewal in 2012. These longer term contracts may contain a fixed rate for the duration of the contract or provide for the periodic renegotiation of the rate within a specific range from the existing rate.

Our anticipated 2010 capital expenditures for this segment are $76.0 million.

Oil and Natural Gas

During the second quarter of 2010, we completed an acquisition of oil and natural gas properties from certain unaffiliated third parties for approximately $75.0 million in cash, subject to post-closing adjustments. The acquisition includes approximately 45,000 net acres and 11 producing oil wells and is focused on the Marmaton horizontal oil play located primarily in Beaver County, Oklahoma. Proved developed producing net reserves associated with the 11 acquired producing wells is approximately 900,000 barrels of oil equivalent — consisting of 600,000 barrels of oil, 200,000 barrels of NGLs and 700 MMcf of natural gas.

Second quarter 2010 production from our oil and natural gas segment was 153,000 Mcfe per day, a 2% decrease over the first quarter of 2010 and a 10% decrease over the second quarter of 2009. The decrease in production from the first quarter 2010 is primarily due to fewer wells coming online due to delays in fracture stimulation services and connecting gathering systems along with an unexpected shut-in of production due to operational issues experienced at a third party facility that processes our Segno field production. This shut-in of production continued into the third quarter of 2010. The decrease in production from the second quarter 2009 is primarily due to the natural declines in production and the reduction in reserve replacement after slowing our development drilling program through most of 2009 due to the downturn in commodity prices.

Second quarter 2010 oil and natural gas revenues decreased 8% from the first quarter of 2010 and increased 2% from the second quarter of 2009. Our oil, natural gas and NGL prices in the second quarter of 2010, decreased 1%, 6% and 22%, respectively, from the first quarter of 2010 and our oil, natural gas and NGL prices increased 22%, 2% and 40%, respectively, from the second quarter of 2009. Direct profit (oil and natural gas revenues less oil and natural gas operating expense) decreased 9% from the first quarter of 2010 and decreased 7% from the second quarter of 2009. The decreases from the first quarter 2010 were primarily attributable to decreases in prices. The decreases from the second quarter 2009 were primarily attributable to decreases in volumes. Operating cost per Mcfe produced decreased 3% from the first quarter of 2010 and increased 53% from the second quarter of 2009. The increase from the second quarter 2009 was primarily due to the increase in production taxes. Production taxes increased due to commodity price increases between the periods. Also, the second quarter of 2009 included $5.8 million in production tax credits attributable to high-cost gas wells.

For 2010, we hedged approximately 72% of our average daily oil production, approximately 79% of our average natural gas production and approximately 12% of our average natural gas liquids production (all based on our second quarter 2010 production) to help manage our cash flow and capital expenditure requirements. Of the oil hedges, 60% are under swap contracts at an average price of $61.36 per barrel and 40% are under collar contracts with a floor of $67.50 per barrel and a ceiling of $81.53 per barrel. The natural gas production is hedged under swap contracts at a comparable average NYMEX price of $6.95. The average basis differential for the swaps is ($0.66). The natural gas liquids production is hedged under swap contracts at an average price of $41.12 per barrel.

Currently for 2011 we hedged approximately 72% of our average daily oil production, approximately 14% of our average natural gas production and approximately 12% of our average natural gas liquids production (all based on our second quarter 2010 production). The oil production is hedged under swap contracts at an average price of $80.32 per barrel. The natural gas production is hedged under swap contracts at a comparable average NYMEX price of $5.56. The average basis differential for the swaps is ($0.14). The natural gas liquids production is hedged under swap contracts at an average price of $40.74 per barrel.

Currently for 2012 we hedged approximately 43% of our average daily oil production, approximately and 14% of our average natural gas production (all based on our second quarter 2010 production). The oil production is hedged under swap contracts at an average price of $82.49 per barrel. The natural gas production is hedged under swap contracts at a comparable average NYMEX price of $5.90. The average basis differential for the swaps is ($0.28).

In March 2009, we incurred a non-cash ceiling test write down of our oil and natural gas properties of $281.2 million pre-tax ($175.1 million net of tax) due to low commodity prices at the end of the first quarter. At June 30, 2010, the 12-month average of commodity prices, including the discounted value of our commodity hedges, were at levels that did not require us to record a write-down of our oil and natural gas properties. Prior to December 31, 2009, the price was based on the single-day period-end price. Effective December 31, 2009, reserve reporting rules require the use of a 12-month average price. The revision to the 12-month average price was made to reduce the affect of short-term volatility and seasonality that previously occurred with single-day pricing. Using the 12-month average may or may not result in write-downs that would have been required had the single-day period-end price been used. Should the 12-month average for commodity prices decline below those existing at the period-end, including the discounted value of our commodity hedges, a write-down of the carrying value of our oil and natural gas properties could be required in future periods.

During the first and second quarters of 2010, we drilled 27 wells and 39 wells, respectively. Our first quarter 2010 drilling activity was slowed down by unusually wet weather, especially in the Texas Panhandle Granite Wash play, and operational delays as we transition to drilling primarily horizontal wells. While the number of wells drilled increased 44% from the first quarter to the second quarter, 46% of the wells drilled have not come online. The delays in getting wells online are primarily due to delays in fracture stimulation services and connections to gathering systems. We anticipate these delays will continue throughout the year due to limited availability of these services. As a result of these conditions, we are adjusting our 2010 production guidance to be within a range of 62.0 to 63.0 Bcfe, with actual results subject to the timing of third party services. The number of wells we plan to participate in drilling and the level of capital expenditures remains unchanged for 2010 at 175 wells and $365 million, respectively.

Mid-Stream

Second quarter 2010 liquids sold per day increased 10% from the first quarter of 2010 and 17% from the second quarter of 2009. Liquids sold per day increased primarily as the result of upgrades and expansions to existing plants and the connection of new wells. Gas processed per day increased 8% from the first quarter of 2010 and 10% from the second quarter of 2009. In 2009, we upgraded several of our existing processing facilities and added three processing plants which was the primary reason for increased volumes. Gas gathered per day increased 2% from the first quarter of 2010 due to additional well connects and decreased 2% from the second quarter of 2009 primarily from our gathering systems experiencing natural production declines associated with connected wells.

NGL prices in the second quarter of 2010 decreased 18% from the price received in the first quarter of 2010 and 39% from the price received in the second quarter of 2009. The price of liquids as compared to natural gas affects the revenue in our mid-stream operations and determines the fractionation spread which is the difference in the value received for the NGLs recovered from natural gas in comparison to the amount received for the equivalent MMBtu's of natural gas if unprocessed. We currently do not have any fractionation spread hedges in place for 2010 and beyond.

Direct profit (mid-stream revenues less mid-stream operating expense) decreased 12% from the first quarter of 2010 and increased 84% from the second quarter of 2009. The decrease from the first quarter 2010 was due to lower commodity prices and the increase from the second quarter 2009 resulted primarily from increased liquids sold and gas processed volumes and commodity prices. Total operating cost for our mid-stream segment decreased 12% from the first quarter of 2010 and increased 51% from the second quarter of 2009 due primarily to the fluctuation in the price paid for the purchase of natural gas.

Our anticipated capital expenditures for 2010 for this segment are $53.0 million. For 2010, we anticipate an increase in well connections due to anticipated drilling activity by operators in the areas of our existing gathering systems as well as adding an additional processing facility to accommodate the increased drilling activity of our oil and natural gas segment.

Financial Condition and Liquidity

Summary

Our financial condition and liquidity depends on the cash flow from our operations and, when necessary, borrowings under our Credit Facility. The principal factors determining the amount of our cash flow are:

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

The following is a summary of certain financial information as of June 30, 2010 and 2009 and for the six months ended June 30, 2010 and 2009:

	June 30, 2010	June 30, 2009	% Change
	(In thousands except percentages)		
Working capital	$ 47,150	$ 67,036	(30)%
Long-term debt	$ 130,000	$ 111,000	17%
Shareholders' equity (1)	$1,656,173	$1,528,840	8%
Ratio of long-term debt to total capitalization (1)	7%	7%	0%
Net income (loss) (1)	$ 68,328	$ (115,462)	159%
Net cash provided by operating activities	$ 177,767	$ 308,842	(42)%
Net cash used in investing activities	$ (277,265)	$ (181,965)	52%
Net cash provided by (used in) financing activities	$ 100,119	$ (126,504)	179%

(1) In March 2009, we incurred a $281.2 million pre-tax ($175.1 million net of tax) non-cash ceiling test write down of our oil and natural gas properties due to low commodity prices at quarter-end. The write down impacted our 2009 shareholders' equity, ratio of long-term debt to total capitalization and net income. The write down did not impact our compliance with the covenants contained in our Credit Facility.

The following table summarizes certain operating information:

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009	% Change
Contract Drilling:			
Average number of our drilling rigs in use during the period	54.5	42.1	29%
Total number of drilling rigs owned at the end of the period	123	131	(6)%
Average dayrate	$ 14,553	$ 18,141	(20)%
Oil and Natural Gas:			
Oil production (MBbls)	623	691	(10)%
Natural gas liquids production (MBbls)	765	784	(2)%
Natural gas production (MMcf)	19,735	22,861	(14)%
Average oil price per barrel received	$ 67.12	$ 52.69	27%
Average oil price per barrel received excluding hedges	$ 75.08	$ 46.11	63%
Average NGL price per barrel received	$ 38.01	$ 21.29	79%
Average NGL price per barrel received excluding hedges	$ 37.88	$ 21.29	78%

Average natural gas price per mcf received	$ 5.79	$ 5.47	6%
Average natural gas price per mcf received excluding hedges	$ 4.44	$ 3.11	43%
Mid-Stream:			
Gas gathered—MMBtu/day	181,998	189,980	(4)%
Gas processed—MMBtu/day	79,623	74,074	7%
Gas liquids sold — gallons/day	266,793	228,998	17%
Number of natural gas gathering systems	33	33	0%
Number of processing plants	8	8	0%

At June 30, 2010, we had unrestricted cash totaling $1.8 million and we had borrowed $130.0 million of the $325.0 million we had elected to have available under our Credit Facility. Our Credit Facility is used for working capital and capital expenditures. Before 2009, most of our capital expenditures were discretionary and directed toward future growth. Beginning in the fourth quarter of 2008 and continuing through 2009, we significantly reduced our capital expenditures because of the uncertain economic environment. For 2010, we plan to increase our capital expenditures, focusing on growth and funded mainly through internally generated cash flow and to a lesser extent from borrowings under the credit facility.

Working Capital

Typically, our working capital balance fluctuates primarily because of the timing of our trade accounts receivable and accounts payable and from the fluctuation in current assets and liabilities associated with the mark to market value of our hedging activity. We had working capital of $47.2 million and $67.0 million as of June 30, 2010 and 2009, respectively. The effect of our hedging activity increased working capital by $15.5 million and $26.6 million as of June 30, 2010 and 2009, respectively.

Contract Drilling

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

During 2009, competition to keep and attract qualified employees to meet our requirements did not materially affect us due to the depressed conditions within our industry. Due to increased utilization over last year's levels, competition to keep qualified labor has increased in 2010 so starting in the third quarter 2010; we have increased compensation for drilling personnel in Oklahoma, Texas and Louisiana. Further increases in utilization beyond second quarter 2010 levels could also be hampered by limited availability of personnel.

Demand for drilling rigs in the 1,000 to 1,500 horsepower range has increased over the past year as more of our customers shift to drilling horizontal wells, which are suited for this horsepower range. Availability of drilling rigs in this range will also have a larger impact on dayrates in the future. For the first six months of 2010, our average dayrate was $14,553 per day compared to $18,141 per day for the first six months of 2009. The average number of our drilling rigs used in the first six months of 2010 was 54.5 drilling rigs (43%) compared with 42.1 drilling rigs (32%) in the first six months of 2009. Based on the average utilization of our drilling rigs during the first six months of 2010, a $100 per day change in dayrates has a $5,450 per day ($2.0 million annualized) change in our pre-tax operating cash flow. We expect that utilization and dayrates for our drilling rigs will slowly improve for 2010 compared to 2009 and depend mainly on the price of natural gas, the levels of natural gas storage and the availability of drilling rigs to meet the demands of the industry.

Our contract drilling segment provides drilling services for our exploration and production segment as well as services performed on properties in which the drilling service is deemed to be associated with the acquisition of an ownership interest in the property. Revenues and expenses for such services are eliminated in our income statement, 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 $16.6 million and $5.9 million for the six months of 2010 and 2009, respectively from our contract drilling segment and eliminated the associated operating expense of $14.8 million and $4.8 million during the six months of 2010 and 2009, respectively, yielding $1.8 million and $1.1 million during the six months of 2010 and 2009, respectively, as a reduction to the carrying value of our oil and natural gas properties.

Impact of Prices for Our Oil, NGLs and Natural Gas

As of December 31, 2009, natural gas comprised 73% of our oil, NGLs and natural gas reserves. Any significant change in natural gas prices has a material effect on our revenues, cash flow and the value of our oil, NGLs and natural gas reserves. Generally, prices and demand for domestic natural gas are influenced by weather conditions, economic conditions, supply imbalances worldwide oil price levels and the value of the U.S. dollar. Domestic oil prices are primarily influenced by world oil market developments. All of 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 six months of 2010 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 $313,000 per month ($3.8 million annualized) change in our pre-tax operating cash flow. The average price we received for our natural gas production, including the effect of hedging, during the first six months of 2010 was $5.79 compared to $5.47 for the first six months of 2009. Based on our first six months of 2010 production, a $1.00 per barrel change in our oil price, without the effect of hedging, would have a $99,000 per month ($1.2 million annualized) change in our pre-tax operating cash flow and a $1.00 per barrel change in our NGL prices, without the effect of hedging, would have a $122,000 per month ($1.5 million annualized) change in our pre-tax operating cash flow. In the first six months of 2010, our average oil price per barrel received, including the effect of hedging, was $67.12 compared with an average oil price, including the effect of hedging, of $52.69 in the first six months of 2009 and our first six months of 2010 average NGLs price per barrel received was $38.01 compared with an average NGL price per barrel of $21.29 in the first six months of 2009.

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

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

Mid-Stream Operations

Our mid-stream operations are conducted through Superior Pipeline Company, L.L.C. and its subsidiaries. Superior is a mid-stream company engaged primarily in the buying, selling, gathering, processing and treating of natural gas and operates three natural gas treatment plants, eight processing plants, 33 gathering systems and 846 miles of pipeline. Superior operates in Oklahoma, Texas, Kansas and Pennsylvania and has been in business since 1996. This segment enhances our ability to gather and market not only our own natural gas but also that owned by third parties and serves as a mechanism through which we can construct or acquire existing natural gas gathering and processing facilities. During the first six months of 2010 and 2009, our mid-stream operations purchased $21.2 million and $13.0 million, respectively, of our oil and natural gas segment's production and provided gathering and transportation services to it of $2.1 million and $2.6 million, respectively. Intercompany revenue from services and purchases of production between our mid-stream segment and our oil and natural gas exploration segment has been eliminated in our condensed consolidated financial statements.

Our mid-stream segment gathered an average of 181,998 MMBtu per day in the first six months of 2010 compared to 189,980 MMBtu per day in the first six months of 2009, processed volumes were 79,623 MMBtu per day in the first six months of 2010 compared to 74,074 MMBtu per day in the first six months of 2009 and the amount of NGLs sold were 266,793 gallons per day in the first six months of 2010 compared to 228,998 gallons per day in the first six months of 2009. Gas gathering volumes per day in the first six months of 2010 decreased 4% compared to the first six months of 2009 primarily due to a volumetric decline in gathering systems due to natural production declines associated with the connected wells. Processed volumes increased 7% over the comparative six months and NGLs sold also increased 17% over the comparative period primarily due to the addition of wells connected and recent upgrades to several of our processing systems.

Our Credit Facility

Our existing bank credit agreement (Credit Facility) has a maximum credit amount of $400.0 million maturing on May 24, 2012. The lenders' commitment under the Credit Facility is $325.0 million. Our borrowings under the Credit Facility are limited to the commitment amount that we elect. As of June 30, 2010, the commitment amount was $325.0 million. We are charged a commitment fee ranging from 0.375 to 0.50 of 1% on the amount available but not borrowed with the rate varying based on the amount borrowed as a percentage of the amount of the total borrowing base. To date we have paid $1.2 million in origination, agency and syndication fees under the Credit Facility. We are amortizing these fees over the life of the agreement. The average interest rate for the first six months of 2010, which includes the effect of our two interest rate swaps, was 4.7% compared to 3.8% for the first six months of 2009. At both June 30, 2010 and July 30, 2010, borrowings were $130.0 million.

The lenders under our Credit Facility and their respective participation interests are as follows:

Lender	Participation Interest
Bank of Oklahoma, N.A.	18.75%
Bank of America, N.A.	18.75%
BMO Capital Markets Financing, Inc.	18.75%
BBVA Compass Bank	17.50%
Comerica Bank	08.75%
BNP Paribas	08.75%
Crédit Agricole Corporate and Investment Bank	08.75%
	100.00%

The lenders' aggregate commitment is limited to the lesser of the amount of the value of the borrowing base or $400.0 million. The amount of the borrowing base, which is subject to redetermination on April 1 and October 1 of each year, is based primarily on a percentage of the discounted future value of our oil and natural gas reserves and, to a lesser extent, the loan value the lenders reasonably attribute to the cash flow (as defined in the Credit Facility) of our mid-stream segment. The April 1, 2010 redetermination set the borrowing base at $500.0 million. We or the lenders may request a onetime special redetermination of the borrowing base amount between each scheduled redetermination. In addition, we may request a redetermination following the completion of an acquisition that meets the requirements set forth in the Credit Facility.

At our election, any part of the outstanding debt under the Credit Facility may be fixed at a London Interbank Offered Rate (LIBOR) for a 30, 60, 90 or 180 day period. During any LIBOR funding period, the outstanding principal balance of the promissory note to which the LIBOR option applies may be repaid after three days prior notice to the administrative agent and on payment of any applicable funding indemnification amounts. LIBOR interest is computed as the sum of the LIBOR base applicable for the interest period plus 1.75% to 2.50% depending on the level of debt as a percentage of the borrowing base and payable at the end of each term, or every 90 days, whichever is less. Borrowings not under LIBOR bear interest at the BOK Financial Corporation (BOKF) National Prime Rate, which cannot be less than LIBOR plus 1.00%, and is payable at the end of each month and the principal borrowed may be paid at any time, in part or in whole, without a premium or penalty. At June 30, 2010, all of our $130.0 million in outstanding borrowings were subject to LIBOR.

The Credit Facility prohibits:

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

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

- a consolidated net worth of at least $900.0 million;
- a current ratio (as defined in the Credit Facility) of not less than 1 to 1; and
- a leverage ratio of long-term debt to consolidated EBITDA (as defined in the Credit Facility) for the most recently ended rolling four fiscal quarters of no greater than 3.50 to 1.0.

As of June 30, 2010, we were in compliance with all the covenants contained in the Credit Facility.

We entered into the following interest rate swaps to manage our exposure to possible future interest rate increases. Under these transactions we swapped the variable interest rate we would otherwise incur on a portion of our bank debt for a fixed rate of interest.

The table provides certain information about out interest rate swaps:

Term	Amount	Fixed Rate	Floating Rate
July 2010 – May 2012	$ 15,000,000	4.53%	3 month LIBOR
July 2010 – May 2012	$ 15,000,000	4.16%	3 month LIBOR

Capital Requirements

*Contract Drilling Acquisitions, Dispositions and Capital Expenditures***.** In January and February 2010, our contract drilling segment entered into contracts to sell eight of its idle mechanical drilling rigs to an unaffiliated third party. These drilling rigs ranged in horse power from 800 to 1,000. The closing on six of these drilling rigs occurred in the first quarter. The last transaction for the remaining two rigs closed in the second quarter of 2010. Proceeds from the sale of those drilling rigs were $23.9 million with a gain of $5.7 million which was booked in the first quarter 2010. These proceeds will be used to refurbish and upgrade additional drilling rigs in our fleet allowing those rigs to be used in horizontal drilling operations. We also placed into service in our Rocky Mountain division a 1,500 horsepower, diesel-electric drilling rig that previously had been placed on hold during 2009 by our customer. We currently have 123 drilling rigs in our fleet.

Our anticipated 2010 capital expenditures for this segment are $76.0 million. We currently do not have a shortage of drill pipe and drilling equipment. At June 30, 2010, we had commitments to purchase approximately $0.8 million of drilling rig components and $14.3 million of drill pipe and drill collars in 2010. We have spent $62.8 million in capital expenditures as of June 30, 2010.

For 2009, our capital expenditures were $67.7 million. In late 2008, we postponed the construction of eight additional drilling rigs we had previously anticipated building. In the third quarter 2009, we recognized an early termination fee associated with the cancellation of long-term contracts by a customer on two of these eight rigs. In addition, as a result of an existing contractual obligation, we took delivery of a new 1,500 horsepower drilling rig during the fourth quarter of 2009 at a cost of $13.2 million. The customer, who had signed a two year term contract for this rig when it was ordered, opted not to take delivery of the rig and paid an early termination fee under the contract provisions during the fourth quarter of 2009.

Oil and Natural Gas Segment Acquisitions and Capital Expenditures. Most of our capital expenditures are discretionary and directed toward future growth. Our decision 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 involved, all of which provide us with a large degree of flexibility in deciding when and if to incur these costs. We completed drilling 66 gross wells (35.35 net wells) in the first six months of 2010 compared to 37 gross wells (12.72 net wells) in the first six months of 2009. Total capital expenditures for the first six months of 2010 by this segment, excluding a $1.1 million ARO liability and $94.0 million for acquisitions, totaled $142.5 million. Currently we plan to participate in drilling an estimated 175 gross wells in 2010 and estimate our total capital expenditures (excluding acquisitions) for our oil and natural gas segment will be approximately $365.0 million. Whether we are able to drill the full number of wells we are planning on drilling is dependent on a number of factors, many of which are beyond our control and include the availability of drilling rigs, availability of pressure pumping services, prices for oil, NGLs and natural gas, demand for oil and natural gas, the cost to drill wells, the weather and the efforts of outside industry partners.

In June 2010, we completed an acquisition of oil and natural gas properties from certain unaffiliated third parties for approximately $75.0 million in cash, subject to post-closing adjustments. The acquisition includes approximately 45,000 net acres and 11 producing oil wells and is focused on the Marmaton horizontal oil play located primarily in Beaver County, Oklahoma. Proved developed producing net reserves associated with the 11 acquired producing wells is approximately 900,000 barrels of oil equivalent — consisting of 600,000 barrels of oil, 200,000 barrels of NGLs and 700 MMcf of natural gas.

Also during the second quarter of 2010, we completed an acquisition of approximately 32,000 net acres of undeveloped oil and gas leasehold located in Southwest Oklahoma and North Texas for approximately $17.6 million.

Mid-Stream Acquisitions and Capital Expenditures. During the first six months of 2010, our mid-stream segment incurred $9.6 million in capital expenditures as compared to $5.9 million in the first six months of 2009. For 2010, we estimate capital expenditures of approximately $53.0 million. The increase over 2009 expenditures is due to anticipated drilling activity by operators in the areas of our existing gathering systems resulting in new well connections as well as adding an additional processing facility to accommodate the increased drilling activity of our oil and natural gas segment.

As of December 31, 2008, we had commitments to purchase two new processing plants. After December 31, 2008, we cancelled the purchase of one of these plants due to nonperformance of contractual terms. We are seeking to recover the $2.8 million progress payments made toward the full purchase price before this contract was terminated. In March 2009, we cancelled our remaining commitment for the second plant and incurred a $1.3 million penalty. Approximately half of the penalty is being applied toward the purchase price of the plant we are constructing in 2010.

Contractual Commitments

At June 30, 2010, we had the following contractual obligations:

	Payments Due by Period				
	Total	Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years
	(In thousands)				
Bank debt (1)	$137,541	$ 3,971	$133,570	$ 0	$ 0
Operating leases (2)	6,695	1,698	2,918	2,079	0
Drill pipe, drilling components and equipment purchases (3)	16,947	16,947	0	0	0
Total contractual obligations	$161,183	$22,616	$136,488	$2,079	$ 0

(1) See previous discussion in MD&A regarding our Credit Facility. This obligation is presented in accordance with the terms of the Credit Facility and includes interest calculated using our June 30, 2010 interest rate of 4.7% which includes the effect of the interest rate swaps.

(2) We lease office space or yards in Elk City, Oklahoma City and Tulsa, Oklahoma; Houston, Texas; Denver, Colorado; Pinedale, Wyoming; and Pittsburgh, Pennsylvania under the terms of operating leases expiring through January, 2015. Additionally, we have several equipment leases and lease space on short-term commitments to stack excess drilling rig equipment and production inventory.

(3) For the next twelve months, we have committed to purchase approximately $15.1 million of new drilling rig components, drill pipe, drill collars and related equipment. Also in 2010, we will pay the remaining $1.8 million towards the purchase of a 50mmcf/d gas plant.

At June 30, 2010, 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)	$ 2,163	Unknown	Unknown	Unknown	Unknown
Separation benefit plans (2)	$ 4,921	$ 252	Unknown	Unknown	Unknown
Derivative liabilities – interest rate swaps	$ 1,971	$ 1,028	$ 943	$ 0	$ 0
Asset retirement liability (3)	$ 58,848	$ 1,760	$ 17,725	$ 4,497	$ 34,866
Gas balancing liability (4)	$ 3,263	Unknown	Unknown	Unknown	Unknown
Repurchase obligations (5)	$ 0	Unknown	Unknown	Unknown	Unknown
Workers' compensation liability (6)	$ 22,479	$ 8,371	$ 3,196	$ 1,146	$ 9,766

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

(2) Effective January 1, 1997, we adopted a separation benefit plan ("Separation Plan"). The Separation Plan allows eligible employees whose employment with us is involuntarily terminated or, in the case of an employee who has completed 20 years of service, voluntarily or involuntarily terminated, to receive benefits equivalent to 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 any claims against us in exchange for receiving the separation benefits. On October 28, 1997, we adopted a Separation Benefit Plan for Senior Management ("Senior Plan"). The Senior Plan provides certain officers and key executives of the company with benefits generally equivalent to the Separation Plan. The Compensation Committee of the Board of Directors has absolute discretion in the selection of the individuals covered in this plan. On May 5, 2004 we also adopted the Special Separation Benefit Plan ("Special Plan"). This plan is identical to the Separation Benefit Plan with the exception that the benefits under the plan vest on the earliest of a participant's reaching the age of 65 or serving 20 years with the company. On December 31, 2008, all these plans were amended to bring the plans into compliance with Section 409A of the Internal Revenue Code of 1986, as amended.

(3) When a well is drilled or acquired, under "Accounting for Asset Retirement Obligations," we have recorded the fair value of liabilities associated with the retirement of long-lived assets (mainly plugging and abandonment costs for our depleted wells).

(4) We have recorded a liability for 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 2008, with a subsidiary of ours serving as general partner. 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. Such repurchases in any one year are limited to 20% of the units outstanding. We made repurchases of $22,000 in 2010, $1,000 in 2009 and $241,000 in 2008.

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

Derivative Activities

Periodically we enter into hedge transactions covering part of the interest we incur under our Credit Facility as well as the prices to be received for a portion of our future oil, NGLs and natural gas production.

Interest Rate Swaps. From time to time we enter into interest rate swaps to manage our exposure to possible future interest rate increases under our Credit Facility. Under these transactions we swap the variable interest rate we would otherwise incur on a portion of our bank debt for a fixed rate of interest. As of June 30, 2010, we had two outstanding interest rate swaps; both were cash flow hedges. There was no material amount of ineffectiveness. Our June 30, 2010 balance sheet recognized the fair value of these swaps as current and non-current derivative liabilities and is presented in the table below:

Term	Amount	Fixed Rate	Floating Rate	Fair Value Asset (Liability)
	($ in thousands)			
July 2010 – May 2012	$ 15,000	4.53%	3 month LIBOR	$ (1,039)
July 2010 – May 2012	$ 15,000	4.16%	3 month LIBOR	(932)
				$ (1,971)

Because of these interest rate swaps, interest expense increased by $0.3 million and $0.6 million for the three and six months ended June 30, 2010, respectively. A loss of $1.2 million, net of tax, is reflected in accumulated other comprehensive income as of June 30, 2010. Interest expense increased by $0.2 million and $0.4 million for the three and six months ended June 30, 2009.

Commodity Hedges. Our hedging is intended to reduce price volatility and manage price risks. Our decision on the type and quantity of our production and the price(s) of our hedge(s) is based, in part, on our view of current and future market conditions. Based on our second quarter 2010 average daily production, as of June 30, 2010, the approximated percentages we have hedged are as follows:

Oil and Natural Gas Segment:

	July – December 2010	January – December 2011	January – December 2012
Daily oil production	72%	72%	43%
Daily natural gas production	79%	14%	14%
Natural gas liquids production	12%	12%	0%

With respect to the commodities subject to the hedge, the use of hedging limits the risk of adverse downward price movements, however it also limits increases in future revenues that would otherwise result from favorable price movements.

The use of derivative transactions also involves the risk that the counterparties will be unable to meet the financial terms of the transactions. Based on our valuation at June 30, 2010, we determined that the non-performance risk with regard to our counterparties was immaterial. At June 30, 2010, Bank of Montreal, Bank of America, N.A., Crédit Agricole Corporate and Investment Bank, London Branch, Comerica Bank, BBVA Compass Bank, Barclays Capital and ConocoPhillips were the counterparties with respect to all of our commodity derivative transactions. At June 30, 2010, the fair values of the net assets we had with each of these counterparties was $10.1 million, $7.4 million, $3.8 million, $4.8 million, $1.4 million, $2.6 million and $0.3 million, respectively.

If a legal right of set-off exists, we net the value of the derivative arrangements we have with the same counterparty in our condensed consolidated balance sheets. At June 30, 2010, we recorded the fair value of our commodity derivatives on our balance sheet as current and non-current derivative assets of $25.9 million and $4.5 million, respectively. At June 30, 2009, we recorded the fair value of our commodity derivatives on our balance sheet as current and non-current derivative assets of $49.2 million and $7.1 million, respectively, and current and non-current derivative liabilities of $4.5 million and $0.8 million, respectively.

We recognize in accumulated OCI the effective portion of any changes in fair value and reclassify the recognized gains (losses) on the sales to revenue and the purchases to expense as the underlying transactions are settled. As of June 30, 2010, we had a gain of $18.3 million, net of tax from our oil and natural gas segment derivatives and no gain or loss from our mid-stream segment derivatives in accumulated OCI.

Based on market prices at June 30, 2010, we expect to transfer to earnings approximately $15.5 million, net of tax, of the gain included in accumulated OCI during the next 12 months in the related month of production. The interest rate swaps and the commodity derivative instruments existing as of June 30, 2010 are expected to mature by May 2012 and December 2012, respectively.

Certain derivatives do not qualify as cash flow hedges. Currently, we have three basis swaps that do not qualify as cash flow hedges. For these types of derivatives, any changes in the fair value that occurs before their maturity (i.e., temporary fluctuations in value) are reported currently in the condensed consolidated statements of operations as unrealized gains (losses) within our oil and natural gas revenues. Changes in the fair value of derivative instruments designated as cash flow hedges, to the extent they are effective in offsetting cash flows attributable to the hedged risk, are recorded in OCI until the hedged item is recognized into earnings. Any change in fair value resulting from ineffectiveness is recognized currently in our oil and natural gas revenues as unrealized gains (losses). The effect of these realized and unrealized gains and losses on our revenues and expenses were as follows at June 30:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)			
Oil and natural gas revenue:				
Realized gains on oil and natural gas derivatives	$ 16,114	$ 31,058	$ 21,687	$ 58,463
Unrealized gains (losses) on ineffectiveness of cash flow hedges	(662)	(75)	429	(119)
Unrealized gains (losses) on non-qualifying oil and natural gas derivatives	967	(897)	1,024	(2,821)
Impact on pre-tax earnings	$ 16,419	$ 30,086	$ 23,140	$ 55,523

Stock and Incentive Compensation

During the first quarter of 2010, we granted awards covering 248,383 shares of restricted stock and no awards were granted in the second quarter of 2010. These awards were granted as retention incentive awards. These stock awards had an estimated fair value as of the grant date of $10.6 million. Compensation expense will be recognized over the two and three year vesting periods, and during the first six months of 2010, we recognized $2.5 million in additional compensation expense and capitalized $0.6 million for these awards. During the first six months of 2010, we recognized compensation expense of $5.5 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, control of well and employee medical benefits. Insured policies for other coverage contain deductibles or retentions per occurrence that range from $50,000 for fiduciary liability to $1.0 million for drilling rig physical damage. We have purchased stop-loss coverage in order to limit, to the extent feasible, per occurrence and aggregate exposure to certain types of claims. However, there is no assurance that the insurance coverage will adequately protect us against liability from all potential consequences. We have elected to use an ERISA governed occupational injury benefit plan to cover all Texas drilling operations in lieu of covering them under Texas Workers' Compensation. 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 15 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 six months of 2010 and 2009, the total we received for all of these fees was $1.0 million and $0.7 million, respectively. Our proportionate share of assets, liabilities and net income relating to the oil and natural gas partnerships is included in our condensed consolidated financial statements.

New Accounting Pronouncements

Improving Disclosures about Fair Value Measurements. In January 2010, the FASB issued ASU 2010-06 – *Fair Value Measurements and Disclosures (ASC 820): Improving Disclosures about Fair Value Measurements*, which provides additional guidance to improve disclosures regarding fair value measurements. The ASU amends ASC 820-10, *Fair Value Measurements and Disclosures—Overall* (formerly FAS 157, *Fair Value Measurements)* to add two new disclosures: (1) transfers in and out of Level 1 and 2 measurements and the reasons for the transfers, and (2) a gross presentation of activity within the Level 3 roll forward. The ASU also includes clarifications to existing disclosure requirements on the level of disaggregation and disclosures regarding inputs and valuation techniques. The ASU applies to all entities required to make disclosures about recurring and nonrecurring fair value measurements. The effective date of the ASU is the first interim or annual reporting period beginning after December 15, 2009 and was adopted January 1, 2010, except for the gross presentation of the Level 3 roll forward information, which is required for annual reporting periods beginning after December 15, 2010 and for interim reporting periods within those years. This statement did not and will not have a significant impact on us due to it only requiring enhanced disclosures.

Table of Contents

Results of Operations

Quarter Ended June 30, 2010 versus Quarter Ended June 30, 2009

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

	Quarter Ended June 30, 2010	Quarter Ended June 30, 2009	Percent Change
Total revenue	$204,603,000	$164,074,000	25 %
Net income	$ 32,175,000	$ 32,031,000	0%
Contract Drilling:			
Revenue	$ 72,061,000	$ 49,883,000	44 %
Operating costs excluding depreciation	$ 46,541,000	$ 29,779,000	56 %
Percentage of revenue from daywork contracts	100%	100%	0%
Average number of drilling rigs in use	58.1	31.6	84 %
Average dayrate on daywork contracts	$ 14,915	$ 17,335	(14)%
Depreciation	$ 16,445,000	$ 10,261,000	60 %
Oil and Natural Gas:			
Revenue	$ 91,136,000	$ 89,601,000	2%
Operating costs excluding depreciation, depletion, amortization and impairment	$ 23,817,000	$ 17,249,000	38 %
Average oil price (Bbl)	$ 66.93	$ 54.84	22 %
Average NGL price (Bbl)	$ 33.37	$ 23.88	40 %
Average natural gas price (Mcf)	$ 5.62	$ 5.49	2%
Oil production (Bbl)	321,000	348,000	(8)%
NGL production (Bbl)	388,000	391,000	(1)%
Natural gas production (Mcf)	9,701,000	10,999,000	(12)%
Depreciation, depletion and amortization rate (Mcfe)	$ 1.87	$ 1.68	11 %
Depreciation, depletion and amortization	$ 26,319,000	$ 26,149,000	1%
Mid-Stream Operations:			
Revenue	$ 36,344,000	$ 23,233,000	56 %

Operating costs excluding depreciation and amortization	$ 28,938,000	$ 19,199,000	51 %
Depreciation and amortization	$ 3,982,000	$ 4,110,000	(3)%
Gas gathered—MMBtu/day	183,858	187,666	(2)%
Gas processed—MMBtu/day	82,699	75,481	10 %
Gas liquids sold—gallons/day	279,736	239,121	17 %
General and administrative expense	$ 6,456,000	$ 5,493,000	18 %
Interest expense, net	$ 0	$ 61,000	NM
Income tax expense	$ 19,930,000	$ 19,742,000	1%
Average interest rate	4.1%	3.6%	14 %
Average long-term debt outstanding	$ 71,197,000	$140,678,000	(49)%

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

Contract Drilling

Drilling revenues increased $22.2 million or 44% in the second quarter of 2010 versus the second quarter of 2009 primarily due to an 84% increase in the average number of rigs in use during the second quarter of 2010 compared to the second quarter of 2009 and increased mobilization revenue, partially offset by a 14% lower average dayrate between periods. Average drilling rig utilization increased from 31.6 drilling rigs in the second quarter of 2009 to 58.1 drilling rigs in the second quarter of 2010. Commodity prices have improved in the second quarter of 2010 compared to the second quarter of 2009. While we experienced increased drilling activity and spending by our customers during the second quarter of 2010 compared to the second quarter of 2009, weak natural gas prices may limit further increases or could result in reduced activity for the remainder of 2010.

Drilling operating costs increased $16.8 million or 56% between the comparative second quarters of 2010 and 2009 primarily due to increases in the number of drilling rigs used and to a lesser extent increases in per day direct cost. Total per day operating cost decreased 15% as fixed costs were spread over more operating days due to higher utilization. During 2009, competition to keep and attract qualified employees to meet our requirements did not materially affect us due to the depressed conditions within our industry. Due to increased utilization over last year's levels, competition to keep qualified labor has increased in 2010 so starting in the third quarter 2010; we have increased compensation for drilling personnel in Oklahoma, Texas and Louisiana. Further increases in utilization beyond second quarter 2010 levels could also be hampered by limited availability of personnel. Contract drilling depreciation increased $6.2 million or 60% primarily due to an increase in the number of drilling rigs being utilized and an increase in capital expenditures for upgrades to existing drilling rigs in our fleet.

Oil and Natural Gas

Oil and natural gas revenues increased $1.5 million or 2% in the second quarter of 2010 as compared to the second quarter of 2009 primarily due to an increase in average oil, NGL and natural gas prices slightly offset by a 10% decrease in equivalent production volumes. Average oil prices between the comparative quarters increased 22% to $66.93 per barrel, NGL prices increased 40% to $33.37 per barrel and natural gas prices increased 2% to $5.62 per Mcf. In the second quarter of 2010, as compared to the second quarter of 2009, oil production decreased 8%, NGL production decreased 1% and natural gas production decreased 12% due to the natural declines in production from wells combined with a slowdown in our drilling activity and reserve replacement throughout most of 2009 due to low commodity prices. We began increasing drilling activity during the fourth quarter of 2009 and currently plan to continue to increase our activity throughout 2010.

Oil and natural gas operating costs increased $6.6 million or 38% between the comparative second quarters of 2010 and 2009 primarily due to increased gross production taxes. Production taxes increased due to commodity price increases between the periods. Also, the second quarter of 2009 included $5.8 million in production tax credits attributable to high-cost gas wells. Lease operating expenses per Mcfe increased 1% to $1.10.

Depreciation, depletion and amortization ("DD&A") increased $0.2 million or 1% primarily due to an 11% increase in our DD&A rate partially offset by a 10% decrease in equivalent production. The increase in our DD&A rate in the second quarter of 2010 compared to the second quarter of 2009 resulted primarily from the average cost per Mcfe on reserves added in the quarter exceeding the previous average net book value per Mcfe for reserves previously discovered and acquired. Our DD&A expense on our oil and natural gas properties is calculated each quarter utilizing period end reserve quantities.

Mid-Stream

Our mid-stream revenues were $13.1 million or 56% higher for the second quarter of 2010 as compared to the second quarter of 2009 primarily due to higher NGL and natural gas prices and higher NGL volumes processed and sold. The average price for NGLs sold increased 39% and the average price for natural gas sold increased 45%. Gas processing volumes per day increased 10% between the comparative quarters and NGLs sold per day increased 17% between the comparative quarters. The increase in volumes processed per day is primarily attributable to the volumes added from new wells connected to existing systems throughout 2009. NGLs sold volumes per day increased due to both an increase in volumes processed and upgrades to several of our processing facilities. Gas gathering volumes per day decreased 2% primarily from well production declines associated with the wells gathered from one of our gathering systems located in Southeast Oklahoma.

Operating costs increased $9.7 million or 51% in the second quarter of 2010 compared to the second quarter of 2009 primarily due to a 52% increase in prices paid for natural gas purchased and a 10% increase in purchase volumes. Depreciation and amortization decreased $0.1 million, or 3%, primarily due to decreased amortization on our intangible assets. For 2010, we anticipate an increase in well connections over 2009 due to anticipated drilling activity by operators in the areas of our existing gathering systems as well as adding an additional processing facility to accommodate the increased drilling activity of our oil and natural gas segment.

Other

Other revenue of $5.0 million for the second quarter of 2010 was primarily attributable to the sale of a gas pipeline in which we owned a 60% interest.

Interest expense, net of capitalized interest, decreased $0.1 million between the comparative quarters. We capitalized interest based on the net book value associated with our undeveloped oil and natural gas properties, the construction of additional drilling rigs and the construction of gas gathering systems. Our average interest rate was 14% lower and our average debt outstanding was 49% lower in the second quarter of 2010 as compared to the second quarter of 2009. Total interest incurred increased $0.3 million for the second quarter of 2010 and $0.2 million for the second quarter of 2009 due to interest rate swap settlements.

Income tax expense increased by $0.2 million, or 1% in the second quarter of 2010 compared to the second quarter of 2009 due to an increase in pre-tax income and an increase in the effective tax rate. Our effective tax rate was 38.3% and 38.1% for the second quarters of 2010 and 2009, respectively. The portion of our taxes reflected as a current income tax expense for the second quarter of 2010 was $3.8 million or 19% of the total income tax expense for the second quarter of 2010 as compared with $1.2 million or 6% of total income tax expense in the second quarter of 2009. Income taxes paid in the second quarter of 2010 were $0.7 million.

Table of Contents

Six Months Ended June 30, 2010 versus Six Months Ended June 30, 2009

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

	Six Months Ended June 30,		Percent
	2010	2009	Change
Total revenue	$411,153,000	$ 365,136,000	13 %
Net income (loss)	$ 68,328,000	$(115,462,000)	159 %
Contract Drilling:			
Revenue	$132,915,000	$ 138,582,000	(4)%
Operating costs excluding depreciation	$ 87,441,000	$ 80,109,000	9%
Percentage of revenue from daywork contracts	99%	100%	(1)%
Average number of drilling rigs in use	54.5	42.1	29 %
Average dayrate on daywork contracts	$ 14,553	$ 18,141	(20)%
Depreciation	$ 30,231,000	$ 22,880,000	32 %
Oil and Natural Gas:			
Revenue	$190,189,000	$ 178,505,000	7%
Operating costs excluding depreciation, depletion, amortization and impairment	$ 48,851,000	$ 42,065,000	16 %
Average oil price (Bbl)	$ 67.12	$ 52.69	27 %
Average NGL price (Bbl)	$ 38.01	$ 21.29	79 %
Average natural gas price (Mcf)	$ 5.79	$ 5.47	6%
Oil production (Bbl)	623,000	691,000	(10)%
NGL production (Bbl)	765,000	784,000	(2)%
Natural gas production (Mcf)	19,735,000	22,861,000	(14)%
Depreciation, depletion and amortization rate (Mcfe)	$ 1.82	$ 2.01	(9)%
Depreciation, depletion and amortization	$ 51,655,000	$ 64,155,000	(19)%
Impairment of oil and natural gas properties	$ 0	$ 281,241,000	NM
Mid-Stream Operations:			
Revenue	$ 77,479,000	$ 45,376,000	71 %

Operating costs excluding depreciation and amortization	$ 61,664,000	$ 39,876,000	55 %
Depreciation and amortization	$ 7,923,000	$ 8,171,000	(3)%
Gas gathered—MMBtu/day	181,998	189,980	(4)%
Gas processed—MMBtu/day	79,623	74,074	7%
Gas liquids sold—gallons/day	266,793	228,998	17 %
General and administrative expense	$ 12,735,000	$ 11,582,000	10 %
Interest expense, net	$ 0	$ 538,000	NM
Income tax expense (benefit)	$ 42,325,000	$ (70,019,000)	160 %
Average interest rate	4.7%	3.8%	24 %
Average long-term debt outstanding	$ 51,250,000	$ 168,074,000	(70)%

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

Contract Drilling

Drilling revenues decreased $5.7 million or 4% in the first six months of 2010 versus the first six months of 2009 primarily due to a 20% lower average dayrate in the first six months of 2010 compared to the first six months of 2009, offset by a 29% increase in the average number of rigs in use during the first six months of 2010 compared to the first six months of 2009 and increased mobilization revenue. Average drilling rig utilization increased from 42.1 drilling rigs in the first six months of 2009 to 54.5 drilling rigs in the first six months of 2010. Commodity prices have improved in the first six months of 2010 compared to the first six months of 2009. While we experienced increased drilling activity and spending by our customers during the first six months of 2010 compared to the fourth quarter of 2009, weak natural gas prices may limit further increases or could result in reduced activity for the remainder of 2010.

Drilling operating costs increased $7.3 million or 9% between the comparative first six months of 2010 and 2009 primarily due to increases in the number of drilling rigs used offset by decreases in per day indirect costs, worker's compensation and general and administrative expenses. During 2009, competition to keep and attract qualified employees to meet our requirements did not materially affect us due to the depressed conditions within our industry. Due to increased utilization over last year's levels, competition to keep qualified labor has increased in 2010 so starting in the third quarter 2010; we have increased compensation for drilling personnel in Oklahoma, Texas and Louisiana. Further increases in utilization beyond second quarter 2010 levels could also be hampered by limited availability of personnel. Contract drilling depreciation increased $7.4 million or 32% primarily due to an increase in the number of drilling rigs being utilized and an increase in capital expenditures for upgrades to existing drilling rigs in our fleet.

Oil and Natural Gas

Oil and natural gas revenues increased $11.7 million or 7% in the first six months of 2010 as compared to the first six months of 2009 primarily due to an increase in average oil, NGL and natural gas prices partially offset by a 12% decrease in equivalent production volumes. Average oil prices between the comparative quarters increased 27% to $67.12 per barrel, NGL prices increased 79% to $38.01 per barrel and natural gas prices increased 6% to $5.79 per Mcf. In the first six months of 2010, as compared to the first six months of 2009, oil production decreased 10%, NGL production decreased 3% and natural gas production decreased 14% due to the natural declines in production from wells combined with a slowdown in our drilling activity and reserve replacement throughout most of 2009 due to low commodity prices. We began increasing drilling activity during the fourth quarter of 2009 and currently plan to continue to increase our activity throughout 2010.

Oil and natural gas operating costs increased $6.8 million or 16% between the comparative first six months of 2010 and 2009 as reductions in lease operating expenses were offset by increased gross production taxes due to higher commodity prices between six month periods. Production taxes in 2009 were also reduced by $5.8 million for production tax credits attributable to high-cost gas wells.

DD&A decreased $12.5 million or 19% primarily due to a 9% decrease in our DD&A rate and a 12% decrease in equivalent production. The decrease in our DD&A rate in the first six months of 2010 compared to the first six months of 2009 resulted primarily from the $281.2 million pre-tax non-cash ceiling test write-down of the carrying value of our oil and natural gas properties at the end of the first quarter in 2009 as a result of a decline in commodity prices partially offset by DD&A rate increases incurred in 2010 for increased net book value on new reserves added. Our DD&A expense on our oil and natural gas properties is calculated each quarter utilizing period end reserve quantities.

Mid-Stream

Our mid-stream revenues were $32.1 million or 71% higher for the first six months of 2010 as compared to the first six months of 2009 primarily due to higher NGL and natural gas prices and higher NGL volumes processed and sold. The average price for NGLs sold increased 59% and the average price for natural gas sold increased 51%. Gas processing volumes per day increased 7% between the comparative periods and NGLs sold per day increased 17% between the comparative periods. The increase in volumes processed per day is primarily attributable to the volumes added from new wells connected to existing systems throughout 2009. NGLs sold volumes per day increased due to both an increase in volumes processed and upgrades to several of our processing facilities. Gas gathering volumes per day decreased 4% primarily from well production declines associated with the wells gathered from one of our gathering systems located in Southeast Oklahoma.

Operating costs increased $21.8 million or 55% in the first six months of 2010 compared to the first six months of 2009 primarily due to a 62% increase in prices paid for natural gas purchased and a 7% increase in purchased volumes. Depreciation and amortization decreased $0.2 million, or 3%, primarily due to decreased amortization on our intangible assets. For 2010, we anticipate an increase in well connections over 2009 due to anticipated drilling activity by operators in the areas of our existing gathering systems as well as adding an additional processing facility to accommodate the increased drilling activity of our oil and natural gas segment.

Other

Other revenue of $10.6 million for the first six months of 2010 was primarily attributable to the sale of eight mechanical drilling rigs and from the sale of a gas pipeline in which we owned a 60% interest.

Interest expense, net of capitalized interest, decreased $0.5 million between the comparative quarters. We capitalized interest based on the net book value associated with our undeveloped oil and natural gas properties, the construction of additional drilling rigs and the construction of gas gathering systems. Our average interest rate was 24% higher and our average debt outstanding was 70% lower in the first six months of 2010 as compared to the first six months of 2009. Total interest incurred increased $0.6 million for the first six months of 2010 and $0.4 million for the first six months of 2009 due to interest rate swap settlements.

Income tax expense (benefit) changed from a benefit of $70.0 million in the first six months of 2009 to an expense of $42.3 million in the first six months of 2010 due to the non-cash ceiling test write down of $281.2 million pre-tax ($175.1 million, net of tax) of our oil and natural gas properties during the quarter ended March 31, 2009 as a result of declines in commodity prices. Our effective tax rate was 38.3% and 37.8% for the first six months of 2010 and 2009, respectively. The portion of our taxes reflected as a current income tax expense for the first six months of 2010 was $6.1 million or 14% of the total income tax expense for the first six months of 2010 as compared to $1.2 million in the first six months of 2009. Income taxes paid in the first six months of 2010 were $3.1 million.

Safe Harbor Statement

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

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

- the amount and nature of our future capital expenditures and how we expect to fund our capital expenditures;
- the amount of wells to be drilled or reworked;
- prices for oil and natural gas;
- demand for oil and natural gas;
- our exploration prospects;
- estimates of our proved oil and natural gas reserves;
- oil and natural gas reserve potential;
- development and infill drilling potential;
- our drilling prospects;
- expansion and other development trends of the oil and natural gas industry;
- our business strategy;
- production of oil and natural gas reserves;
- growth potential for our mid-stream operations;
- gathering systems and processing plants we plan to construct or acquire;
- volumes and prices for natural gas gathered and processed;
- expansion and growth of our business and operations;
- demand for our drilling rigs and drilling rig rates; and
- our belief that the final outcome of our legal proceedings will not materially affect our financial results.

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

- the risk factors discussed in this report and in the documents we incorporate by reference;
- general economic, market or business conditions;
- the nature or lack of business opportunities that we pursue;
- demand for our land drilling services;
-

changes in laws or regulations;

- the time period associated with the current decrease in commodity prices; and
- other factors, most of which are beyond our control.

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

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

Item 3. Quantitative and Qualitative Disclosure About Market Risk

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

Commodity Price Risk. Our major market risk exposure is in the price we receive for our oil and natural gas production. These prices are primarily driven by the prevailing worldwide price for crude oil and market prices applicable to our natural gas production. Historically, the prices we received for our oil and natural gas production have fluctuated and we expect these prices to continue to fluctuate. The price of oil and natural gas also affects both the demand for our drilling rigs and the amount we can charge for the use of our drilling rigs. Based on our first six months 2010 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 $313,000 per month ($3.8 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 $99,000 per month ($1.2 million annualized) change in our pre-tax operating cash flow and a $1.00 per barrel change in our NGL prices, without the effect of hedging, would have a $122,000 per month ($1.5 million annualized) change in our pre-tax operating cash flow.

We use hedging transactions to reduce price volatility and manage price risks. Our decisions regarding the amount and prices at which we choose to hedge 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, and collars that set a floor and ceiling price for the hedged production. If the applicable monthly price indices are outside of the ranges set by the floor and ceiling prices in the various collars, we will settle the difference with the counterparty to the collars. Currently, we also have one basis swap that does not qualify as cash flow hedge. These financial derivatives are intended to support oil and gas prices at targeted levels and to manage our exposure to oil and gas price fluctuations. We do not hold or issue derivative instruments for speculative trading purposes.

Oil and Natural Gas Segment:

At June 30, 2010, the following cash flow hedges were outstanding:

Term	Commodity	Hedged Volume	Weighted Average Fixed Price for Swaps	Hedged Market
Jul'10 – Dec'10	Crude oil - collar	1,000 Bbl/day	$67.50 put & $81.53 call	WTI – NYMEX
Jul'10 – Dec'10	Crude oil – swap	1,500 Bbl/day	$61.36	WTI – NYMEX
Jan'11 – Dec'11	Crude oil – swap	2,500 Bbl/day	$80.32	WTI – NYMEX
Jan'12 – Dec'12	Crude oil – swap	1,500 Bbl/day	$82.49	WTI – NYMEX
Jul'10 – Dec'10	Natural gas – swap	15,000 MMBtu/day	$7.20	IF – NYMEX (HH)
Jul'10 – Dec'10	Natural gas – swap	20,000 MMBtu/day	$6.89	IF – Tenn Zone 0
Jul'10 – Dec'10	Natural gas – swap	30,000 MMBtu/day	$6.12	IF – CEGT
Jul'10 – Dec'10	Natural gas – swap	20,000 MMBtu/day	$5.67	IF – PEPL
Jul'10 – Dec'10	Natural gas – basis differential swap	10,000 MMBtu/day	($0.79)	PEPL – NYMEX
Jan'11 – Dec'11	Natural gas – swap	15,000 MMBtu/day	$5.56	IF – NYMEX (HH)
Jan'11 – Dec'11	Natural gas – basis differential swap	15,000 MMBtu/day	($0.14)	Tenn Zone 0 – NYMEX
Jan'12 – Dec'12	Natural gas – swap	15,000 MMBtu/day	$5.62	IF – PEPL
Jul'10 – Dec'11	Liquids – swap (1)	644,406 Gal/mo	$0.98	OPIS – Conway

(1) Types of liquids involved are natural gasoline, ethane, propane, isobutane and normal butane.

At June 30, 2010, the following non-qualifying cash flow derivatives were outstanding:

Term	Commodity	Hedged Volume	Basis Differential	Hedged Market
Jan'11 – Dec'11	Natural gas – basis differential swap	15,000 MMBtu/day	($0.14)	Tenn Zone 0 – NYMEX
Jan'11 – Dec'11	Natural gas – basis differential swap	10,000 MMBtu/day	($0.21)	CEGT – NYMEX
Jan'11 – Dec'11	Natural gas – basis differential swap	10,000 MMBtu/day	($0.225)	PEPL – NYMEX

Interest Rate Risk. Our interest rate exposure relates to our long-term debt, all of which bears interest at variable rates based on the BOKF National Prime Rate or the LIBOR Rate. At our election, borrowings under our revolving Credit Facility may be fixed at the LIBOR Rate for periods of up to 180 days. To help manage our exposure to any future interest rate volatility, we currently have two $15.0 million interest rate swaps, one at a fixed rate of 4.53% and one at a fixed rate of 4.16%, both expiring in May 2012. Based on our average outstanding long-term debt subject to the floating rate in the first six months of 2010, a 1% increase in the floating rate would reduce our annual pre-tax cash flow by $0.2 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures under Exchange Act Rule 13a-15. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of June 30, 2010 in ensuring the appropriate information is recorded, processed, summarized and reported in our periodic SEC filings relating to the company (including its consolidated subsidiaries) and is accumulated and communicated to the Chief Executive Officer, Chief Financial Officer and management to allow timely decisions.

Changes in Internal Controls. There were no changes in our internal controls over financial reporting during the quarter ended June 30, 2010 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting, as defined in Rule 13a – 15(f) under the Exchange Act.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal proceedings, see Item 3 of our Form 10-K for the fiscal year ended December 31, 2009. There have been no significant changes to what was disclosed in the Form 10-K.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed below and in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009, 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.

Except as set forth below, 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, 2009.

New legislation and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.

The U.S. Environmental Protection Agency, or the EPA, has commenced a study of the potential environmental impacts of hydraulic fracturing, including the impact on drinking water sources and public health, and a committee of the U.S. House of Representatives is also conducting an investigation of hydraulic fracturing practices. Legislation has been introduced before Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. In addition, some states have and others are considering adopting regulations that could restrict hydraulic fracturing in certain circumstances. Any new laws, regulation or permitting requirements regarding hydraulic fracturing could lead to operational delay, or increased operating costs or third party or governmental claims, and could result in additional burdens that could serve to delay or limit the drilling services we provide to third parties whose drilling operations could be impacted by these regulations or increase our costs of compliance and doing business as well as delay the development of unconventional gas resources from shale formations which are not commercial without the use of hydraulic fracturing. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that we are ultimately able to produce from our reserves.

Derivatives regulation included in current financial reform legislation could impede our ability to manage business and financial risks by restricting our use of derivative instruments as hedges against fluctuating commodity prices and interest rates.

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act) was passed by Congress and signed into law. The Act contains significant derivatives regulation, including a requirement that certain transactions be cleared on exchanges and a requirement to post cash collateral (commonly referred to as "margin") for such transactions. The Act provides for a potential exception from these clearing and cash collateral requirements for commercial end-users and it includes a number of defined terms that will be used in determining how this exception applies to particular derivative transactions and the parties to those transactions. The Act requires the Commodities Futures and Trading Commission (the CFTC) to promulgate rules to define these terms, but we do not know the definitions that the CFTC will actually promulgate nor how these definitions will apply to us.

We use crude oil and natural gas derivative instruments with respect to a portion of our expected production in order to reduce commodity price uncertainty and enhance the predictability of cash flows relating to the marketing of our crude oil and natural gas. We also use interest rate derivative instruments to minimize the impact of interest rate fluctuations associated with anticipated debt issuances. As commodity prices increase or interest rates decrease, our derivative liability positions increase; however, none of our current derivative contracts require the posting of margin or similar cash collateral when there are changes in the underlying commodity prices or interest rates that are referred to in these contracts.

Depending on the rules and definitions adopted by the CFTC, we could be required to post collateral with our dealer counterparties for our commodities and interest rate derivative transactions. Such a requirement could have a significant impact on our business by reducing our ability to execute derivative transactions to reduce commodity price and interest rate uncertainty and to protect cash flows. Requirements to post collateral would cause significant liquidity issues by reducing our ability to use cash for investment or other corporate purposes, or would require us to increase our level of debt. In addition, a requirement for our counterparties to post collateral would likely result in additional costs being passed on to us, thereby decreasing the effectiveness of our hedges and our profitability.

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 June 30, 2010:

Period	(a) Total Number of Shares Purchased (1)	(b) Average Price Paid Per Share(2)	(c) Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs
April 1, 2010 to April 30, 2010	22,971	$ 43.53	22,971	—
May 1, 2010 to May 31, 2010	0	0	0	—
June 1, 2010 to June 30, 2010	830	45.67	830	—
Total	23,801	$ 43.60	23,801	—

(1) The shares were repurchased to remit withholding of taxes on the value of stock distributed with the second quarter 2010 vesting distribution for grants previously made from our "Unit Corporation Stock and Incentive Compensation Plan" adopted May 3, 2006.

(2) The price paid per common share represents the closing sales price of a share of our common stock as reported by the NYSE on the day that the stock was acquired by us.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Reserved and Removed

Item 5. Other Information

Not applicable.

Table of Contents

Item 6. Exhibits

Exhibits:

10.1	Separation Benefit Plan of Unit Corporation and Participating Subsidiaries.
10.2	Special Separation Benefit Plan of Unit Corporation and Participating Subsidiaries.
10.3	Unit Corporation Separation Benefit Plan for Senior Management.
15	Letter re: Unaudited Interim Financial Information.
31.1	Certification of Chief Executive Officer under Rule 13a – 14(a) of the Exchange Act.
31.2	Certification of Chief Financial Officer under Rule 13a – 14(a) of the Exchange Act.
32	Certification of Chief Executive Officer and Chief Financial Officer under Rule 13a – 14(a) of the Exchange Act and 18 U.S.C. Section 1350, as adopted under Section 906 of the Sarbanes-Oxley Act of 2002.
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.

Table of Contents

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: August 5, 2010

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

Date: August 5, 2010

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

Exhibit 10.1

SEPARATION BENEFIT PLAN OF

UNIT CORPORATION AND PARTICIPATING SUBSIDIARIES

as amended and restated effective
March 19, 2009

Table of Contents

SEPARATION BENEFIT PLAN OF UNIT CORPORATION
AND PARTICIPATING SUBSIDIARIES

Introduction

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

ARTICLE I. SCOPE

Section 1.1 Name. This Plan shall be known as the Separation Benefit Plan of Unit Corporation and Participating Subsidiaries. The Plan is an "employee benefit plan" governed by the Employee Retirement Income Security Act of 1974, as amended, ("ERISA").

Section 1.2 Plan Year. The Plan Year is the calendar year.

ARTICLE II.
DEFINITIONS

Section 2.1 "Base Salary" means the regular basic cash remuneration before deductions for taxes and other items withheld, and without regard to any salary reduction under any plans maintained by an Employing Company under Sections 401(k) or 125 of the Code, payable to an Employee for services rendered to an Employing Company, but not including pay for Bonuses, incentive compensation, special pay, awards or commissions.

Section 2.2 "Beneficiary" means the person designated by an Eligible Employee in a written instrument filed with an Employing Company to receive benefits under this Plan.

Section 2.3 "Board of Directors" means the board of directors of the Company.

Section 2.4 "Bonus" means any annual incentive compensation paid to an Employee over and above Base Salary earned and paid in cash or otherwise.

Section 2.5 "Change in Control" of the Company shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(i) On the close of business on the tenth day following the time the Company learns of the acquisition by any individual entity or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, of beneficial ownership within the meaning of Rule 13d 3 promulgated under the Exchange Act, of 15% or more of either (i) the then outstanding shares of Common Stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of Directors (the "Outstanding Company Voting Securities"); excluding, (i) however, the following: (A) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from the Company); (B) any acquisition by the Company; (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (iii) of this definition; (E) any acquisition by the George Kaiser Family Foundation ("GKFF) as long as the acquisition does not cause GKFF's total ownership to exceed 25% of our issued and outstanding shares of common stock; and (F) if the Board of Directors of the Company determines in good faith that a Person became the beneficial owner of 15% or more of the Outstanding Company Common Stock inadvertently (including, without limitation, because (A) such Person was unaware that it beneficially owned a percentage of Outstanding Company Common Stock that would cause a Change in Control or (B) such Person was aware of the extent of its beneficial ownership of Outstanding Company Common Stock but had no actual knowledge of the consequences of such beneficial ownership under this Plan) and without any intention of changing or influencing control of the Company, then the beneficial ownership of Outstanding Company Common Stock by that Person shall not be deemed to be or to have become a Change in Control for any purposes of this Plan unless and until such Person shall have failed to divest itself, as soon as practicable (as determined, in good faith, by the Board of Directors of the Company), of beneficial ownership of a sufficient number of Outstanding Company Common Stock so that such Person's beneficial ownership of Outstanding Company Common Stock would no longer otherwise qualify as a Change in Control;

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

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

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

Section 2.6 "Change of Control Contract" means a Unit Corporation Key Employee Change of Control Contract entered into between Unit Corporation and the individual identified in such agreement as "Executive".

Section 2.7 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

Section 2.8 "Company" means Unit Corporation, the sponsor of this Plan.

Section 2.9 "Comparable Position" means a job with an Employing Company or successor company at the same or higher Base Salary as an Employee's current job and at a work location within reasonable commuting distance from an Employee's home, as determined by the Employee's Employing Company.

Section 2.10 "Compensation Committee" means the Committee established and appointed by the Board of Directors or by a committee of the Board of Directors.

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

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

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

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

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

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

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

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

Section 2.14 "Employee"

2.14.1 "Employee" means a person who is

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

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

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

2.14.2 "Employee" does not, under any circumstance, mean a person who is

(i) an employee whose compensation is determined on an hourly basis or who holds a position with the Employing Company that is generally characterized as an "hourly" position, except were a specific employee is, after demotion, deemed to be eligible to participate in the Plan under subsection 2.14.1(iii), above;

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

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

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

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

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

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

Section 2.17 "Human Resources Director" means the Human Resources Director of the Company.

Section 2.18 "Plan" means the Separation Benefit Plan of Unit Corporation and Participating Subsidiaries, as set forth in this document and as may be amended from time to time.

Section 2.19 "Separation Agreement" means the agreement between an Employee and the Employing Company in which the Employee waives and releases the Company, Employing Company and other potentially related parties from certain claims in exchange for and in consideration of payments of the Separation Benefit, to which the Employee would not otherwise be entitled.

Section 2.20 "Separation Benefit" means the benefit provided for under this Plan as determined under Article III.

Section 2.21 "Separation Period" means the period of time over which an Eligible Employee receives Separation Benefits under the Plan.

Section 2.22 "Separation from Service" shall mean an Employee's "separation from service" as determined by the Company in accordance with Section 409A of the Code. A Separation from Service shall be effective on the date specified by the Employing Company (the "Termination Date").

Section 2.23 "Specified Employee" means those employees of the Company or an Employing Company who are determined by the Compensation Committee to be a "specified employee" in accordance with Section 409A of the Code and the regulations promulgated thereunder.

Section 2.24 "Years of Service" means the sum of the number of continuous Completed Years of Service as an Employee of an Employing Company during the period of employment beginning with the Employee's most recent hire date and ending with the Employee's most recent termination date. Provided, in the event an Employee was a member of the Board of Directors of an Employing Company prior to (or after) the adoption of the August 21, 2007 Amendment to the Plan, that Employee shall be credited with the period of time beginning with his date of hire with an Employing Company, and the provisions in Section 2.14(b)(vi) of any prior version of the Plan shall be disregarded.

ARTICLE III.
BENEFITS

Section 3.1 Eligibility. Each Employee who (i) has at least one active Year of Service with an Employing Company immediately before the date of his or her Separation from Service, (ii) complies with all administrative requirements of this Plan, including the provisions of Article V, and (iii) works through his/her Termination Date and is not engaged in a strike or lockout as of the Termination Date, is eligible to participate in this Plan and, subject to all the terms of the Plan, receive benefits as provided in this Article III. An Employee is ineligible to participate in this Plan if that Employee fails to satisfy any of the requirements of this Plan including, but not limited to, failure to establish that his or her termination met the requirements for a Separation from Service. Additionally, an Employee shall be ineligible to participate in this Plan if that Employee's termination of employment results from:

(i) A Discharge for Cause,

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

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

(iv) A termination under which an Employee accepts any benefits under an incentive retirement plan or other severance or termination benefits program, contract or plan (other than a Change of Control Contract) offered by the Company or the Employing Company,

(v) An Employee who has a written employment contract which contains severance provisions (other than a Change of Control Contract),

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

(vii) A temporary work cessation due to strikes, lockouts or similar reasons,

(viii) The divestiture of any business of an Employing Company if the Employee is offered a Comparable Position by the purchaser or successor of such business, an affiliate thereof, or an affiliate of an Employing Company, or

(ix) A termination of the Employee if the Employee is offered a Comparable Position arranged for or secured by an Employing Company.

Section 3.2 Separation Benefit. A Separation Benefit shall be provided for Eligible Employees under the provisions of this Article III.

Section 3.3 Separation Benefit Amount. The Separation Benefit payable to an Eligible Employee under this Plan shall be based, in part, on his/her Years of Service with the Employing Company. The formula for determining an Eligible Employee's Separation Benefit payment shall be calculated by dividing the Eligible Employee's average Base Salary for the one year period ending immediately before the date of Separation from Service by 52 to calculate the weekly separation benefit (the "Weekly Separation Benefit"). The amount of the Separation Benefit payable to the Eligible Employee shall then be determined in accordance with the following applicable provision:

3.3.1 Involuntary separation—In the event the Separation from Service is the result of an Employing Company terminating the employment of the Eligible Employee, the Separation Benefit shall be determined according to the following schedule:

Involuntary Separation
Schedule of Separation Benefits

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

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

Voluntary Separation
Schedule of Separation Benefits

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

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

Section 3.4 Separation Benefit Limitation. Notwithstanding anything in this Plan to the contrary, the Separation Benefit payable to any Eligible Employee under this Plan shall never exceed the lesser of (i) 104 Weekly Separation Benefit payments; or (ii) the amount permitted under ERISA to maintain this Plan as a welfare benefit plan. The benefits payable under this Plan shall be inclusive of and offset by any amounts paid under federal, state, local or foreign government worker notification (e.g., Worker Adjustment and Retraining Notification Act) or office closing requirements.

Section 3.5 Withholding Tax. The Employing Company shall deduct from the amount of any Separation Benefits payable under this Plan, any amount required to be withheld by the Employing Company by reason of any law or regulation, for the payment of taxes or otherwise to any federal, state, local or foreign government. In determining the amount of any applicable tax, the Employing Company shall be entitled to rely on the number of personal exemptions on the official form(s) filed by the Eligible Employee with the Employing Company for purposes of income tax withholding on regular wages.

Section 3.6 Reemployment of an Eligible Employee. Entitlement to the unpaid balance of any Separation Benefit due an Eligible Employee under this Plan shall be revoked immediately on reemployment of the person as an Employee of an Employing Company. Any unpaid balance shall not be payable in any future period.

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

Section 3.7 Integration with Disability Benefits. The Separation Benefit payable to an Eligible Employee with respect to any Separation Period shall be reduced (but not below zero) by the amount of any disability benefit payable from any disability plan or program sponsored or contributed to by an Employing Company. The amount of any resulting reduction shall not be paid to the Eligible Employee in any future period.

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

Section 3.9 Recoupment. An Employing Company may deduct from the Separation Benefit any amount owing to an Employing Company from:

(i) the Eligible Employee, or

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

Section 3.10 Completion of Twenty Years of Service. Any Eligible Employee who completes Twenty Years of Service before to the termination of this Plan shall be vested in his/her Separation Benefit notwithstanding the subsequent termination of this Plan before that Eligible Employee's Separation from Service. Any Separation Benefit deemed to have vested under this section shall be payable on such Eligible Employee's Separation from Service with the Employing Company and shall be paid in accordance with the greater of (1) the Plan provisions in effect immediately before the termination of this Plan, and (2) the Plan provisions in effect on the date the Eligible Employee completed Twenty Years of Service.

Section 3.11 Change in Control. Unless otherwise provided in writing by the Board of Directors before a Change in Control of the Company, all Eligible Employees shall be vested in his/her Separation Benefit as of the date of the Change in Control based on the Eligible Employee's then Years of Service as determined by reference to the schedule set forth in Section 3.3.1 of this Plan. Any Separation Benefit deemed to have vested under this section shall be payable on the Eligible Employee's Separation from Service with the Employing Company and shall be paid in accordance with the Plan provisions in effect immediately before the Change in Control.

ARTICLE IV.
METHOD OF PAYMENT

Section 4.1 Separation Benefit Payment. The Separation Benefit shall be paid in equal installments in the same manner as wages were paid to the Employee and, subject to Section 4.4, the installments shall begin no later than 90 days following the Termination Date. Notwithstanding anything in the Plan to the contrary, the Separation Period for an Eligible Employee shall never exceed the amount of time permitted under ERISA to maintain this Plan as a welfare benefit plan. If under the payment schedule set forth in this Plan, the Separation Period will expire before the full payment of the Separation Benefit owed to an Eligible Employee under this Plan, then the total amount unpaid as of the final installment shall be paid to the Eligible Employee in the final installment.

Section 4.2 Protection of Business

4.2.1 Any Eligible Employee who receives Separation Benefits under Section 3.3.2 of this Plan agrees that, in consideration of the Separation Benefits, the Employee will not, in any capacity, directly or indirectly, and on his or her own behalf or on behalf of any other person or entity, during the period of time he or she is receiving Separation Benefits, either (a) solicit or attempt to induce any current customer of the Employing Company to cease doing business with the Employing Company; (b) solicit or attempt to induce any employee of the Employing Company to sever the employment relationship; (c) compete against the Employing Company; (d) injure the Employing Company and the Company, in their business activities or its reputation; or (e) act as an employee, independent contractor, or service provider of a person or entity that is a competitor of the Employing Company or injures the Employing Company or the Company, its business activities or its reputation (collectively, the "Protection of Business Requirements"). The Compensation Committee in its sole discretion shall decide whether any Eligible Employee is in violation of this Section.

4.2.2 Except as provided in the next paragraph and/or the Separation Agreement, in the event the Eligible Employee violates the Protection of Business Requirements of this Section (or the like provisions of his or her Separation Agreement), the Eligible Employee shall not be entitled to any further payments of Separation Benefits under this Plan and shall be obligated to repay the Employing Company all monies previously received as Separation Benefits from the date of the violation forward.

4.2.3 In the event of a Change in Control, the Eligible Employee's obligations under this Section shall expire and be canceled, and the Eligible Employee shall be entitled to Separation Benefits under this Plan in accordance with its terms even if he or she engages in conduct that would otherwise violate the Protection of Business Requirements in this Section.

4.2.4 The Plan shall maintain records for each Eligible Employee that is eligible for Separation Benefits and for each Eligible Employee that actually receives Separation Benefits (including relevant dates, claim records, appeal records, payment amounts, etc.).

4.2.5 The Plan shall pay benefits to Eligible Employees on a regular basis. The Plan shall process and pay Separation Benefits on a regular basis, and adjudicate claims for denied or terminated Separation Benefits.

4.2.6 The Compensation Committee shall have the ultimate ongoing administrative duty to monitor and investigate the activities of Eligible Employees to ensure they are in compliance with the Protection of Business Requirements. As set forth in this Plan, the Compensation Committee shall have discretion to determine on an ongoing basis whether each Eligible Employee receiving Separation Benefits remains in compliance with the Plan's Protection of Business Requirements during the period the Eligible Employee is receiving Separation Benefits.

4.2.7 The Compensation Committee shall have full and sole discretion to determine eligibility for Separation Benefits and to construe the terms of the Plan.

4.2.8 By accepting Separation Benefits, an Eligible Employee certifies that he/she is in compliance with the Protection of Business Requirements. Eligible employees must notify the Plan, through the Human Resources Director, of any change of employer, employment status, or job status or responsibilities, while eligible for Separation Benefits. Additionally, Eligible Employees receiving benefits must complete and submit to the Plan on request a form certifying that they are in compliance with the Protection of Business Requirements. The Human Resources Director shall review such forms and make preliminary decisions regarding whether the Eligible Employee is in compliance with the Protection of Business Requirements.

4.2.9 As a condition to receiving Separation Benefits or coverage, Eligible Employees and their employers must fully cooperate with any inquiry or investigation by the Plan concerning the Protection of Business Requirements. If the Eligible Employee or employer fails to fully cooperate with any such inquiry or investigation, the Eligible Employee shall be deemed to have been in violation of the Protection of Business Requirements, and shall therefore forfeit any further benefits under the Plan and shall be obligated to repay the Employing Company all monies previously received as Separation Benefits.

4.2.10 The Company shall maintain a projection of the amount of money that will be required for the Company to fulfill its unfunded obligation under the Plan to make payments to various Eligible Employees at different times.

Section 4.3 Death

4.3.1 Separation from Service as a result of death. In the event that the Eligible Employee's Separation from Service is as a result of the Eligible Employee's death, the Separation Benefit shall be paid to the Eligible Employee's Beneficiary in accordance with the provisions of Section 3.3.2 and 4.1, above. If there is no designated, living Beneficiary, payments shall be paid to the executor or administrator of the Eligible Employee's estate.

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

4.3.2 Death Subsequent to Separation from Service. In the event that an Eligible Employee's death occurs after the date of Separation from Service, and before receipt of any or all of the benefits to which the Eligible Employee was entitled under this Plan, then the payments shall be made to the Eligible Employee's Beneficiary in accordance with the provisions of Section 3.3 and 4.1, above. If there is no designated living Beneficiary, payments shall be paid to the executor or administrator of the Eligible Employee's estate.

Section 4.4 Payment to Specified Employees Upon Separation from Service. In no event shall a Specified Employee receive a payment under this Plan following a Separation from Service before the first business day of the seventh month following the date of Separation from Service, unless the Separation from Service results from death. Any amounts which would otherwise be payable to the Specified Employee during the six month period may, at the Employing Company's discretion, be accumulated and paid on the first day of the seventh month following the date of the Specified Employee's Separation from Service.

ARTICLE V.
WAIVER AND RELEASE OF CLAIMS

Section 5.1 Waiver and Release of Claims. Except as provided in Section 4.3.1, it is a condition of this Plan that no Separation Benefit shall be paid to or for any Employee except on due signing and delivery to the Employing Company by that Employee of a Separation Agreement in substantially the form attached to this Plan as Attachment "A" or "B" or such other form as may be designated as the required Separation Agreement from time to time, in the discretion of the Employing Company, by which the Employee waives and releases the Company, the Employing Company, their subsidiaries and their officers, directors, agents, employees and affiliates from all claims arising or alleged to arise out of his or her employment or the Separation from Service including, but not limited to the Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights Act of 1964, as amended, and all other state and federal laws governing the Employee's employment. The waiver and release provided in the Separation Agreement is being given in exchange for and in consideration of payment of the Separation Benefit, to which the Employee would not otherwise be entitled. The determination of whether the Employee shall be required to sign a Separation Agreement in the form shown by Attachment "A," "B" or otherwise shall be within the sole discretion of the Employing Company.

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

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

ARTICLE VI.
FUNDING

Section 6.1 Funding. This Plan is an unfunded employee welfare benefit plan under ERISA established by the Company. Benefits payable to Eligible Employees shall be paid out of the general assets of the Company or the Employing Company. The Employing Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Separation Benefits under this Plan.

ARTICLE VII.
OPERATION

Section 7.1 Employing Company Participation. Any subsidiary or affiliate of the Company, at the discretion of the Company, may participate as an Employing Company in the Plan on the following conditions:

(i) Such entity shall make, sign and deliver such instruments as the Company shall deem necessary or desirable;

(ii) Such entity may withdraw from participation as an Employing Company in accordance with Section 7.3, in which event the entity may continue the provisions of this Plan as its own plan, and may thereafter, with respect thereto, exercise all of the rights and powers theretofore reserved to the Company; and

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

Section 7.2 Status of Subsidiaries or Affiliates. The authority of each subsidiary or affiliate to act independently and in accordance with its own best judgment shall not be prejudiced or diminished by its participation in this Plan and at the same time the Employing Companies may act collectively in respect of general administration of this Plan in order to secure administrative economies and maximum uniformity.

Section 7.3 Termination by an Employing Company. Any Employing Company other than the Company may withdraw from participation in the Plan at any time by delivering to the Compensation Committee written notification to that effect signed by the Employing Company's chief executive officer or his delegate. Withdrawal by any Employing Company under this Section or complete discontinuance of Separation Benefits under this Plan by any Employing Company other than the Company, shall constitute termination of this Plan with respect to such Employing Company, but such actions shall not affect any Separation Benefit that has become payable to an Eligible Employee, and such benefit shall continue to be paid in accordance with the Plan provisions in effect at the time of the Separation from Service.

ARTICLE VIII.
ADMINISTRATION

Section 8.1 Named Fiduciary. This Plan shall be administered by the Company acting through the Compensation Committee or such other person as may be designated by the Company from time to time. The Compensation Committee shall be the "Administrator" of the Plan and shall be, in its capacity as Administrator, a "Named Fiduciary," as those terms are defined or used in ERISA.

Section 8.2 Fiduciary Responsibilities. The named fiduciary shall fulfill the duties and requirements of a fiduciary under ERISA and is the Plan's agent for service of legal process. The named fiduciary may designate other persons to carry out the fiduciary responsibilities and may cancel any designation. A person may serve in more than one fiduciary or administrative capacity with respect to this Plan. The named fiduciary shall periodically review the performance of the fiduciary responsibilities by each designated person.

Section 8.3 Specific Fiduciary Responsibilities. The Compensation Committee shall be responsible for the general administration and interpretation of the Plan and the proper carrying out of its provisions and shall have full discretion to carry out its duties. In addition to any powers of the Compensation Committee specified elsewhere in this Plan, the Compensation Committee shall have all discretionary powers necessary to discharge its duties under this Plan, including, but not limited to, the following discretionary powers and duties:

(i) To interpret or construe the terms of this Plan, including eligibility to participate, and resolve ambiguities, inconsistencies and omissions;

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

(iii) To decide all questions concerning this Plan and the eligibility of any person to participate in this Plan; and

(iv) To determine eligibility for benefits under this Plan.

Section 8.4 Allocations and Delegations of Responsibility. The Board of Directors and the Compensation Committee, respectively, shall have the authority to delegate, from time to time, all or any part of its responsibilities under this Plan to those person or persons as it may deem advisable and in the same manner to revoke any such delegation of responsibility. Any action of the delegate in the exercise of such delegated responsibilities shall have the same force and effect for all purposes hereunder as if such action had been taken by the Board of Directors or the Compensation Committee. The Company, the Board of Directors and the Compensation Committee shall not be liable for any acts or omissions of any such delegate. The delegate shall report periodically to the Board of Directors or the Compensation Committee, as applicable, concerning the discharge of the delegated responsibilities.

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

Section 8.5 Advisors. The named fiduciary or any person designated by the named fiduciary to carry out fiduciary responsibilities may employ one or more persons to render advice with respect to any responsibility imposed by this Plan.

Section 8.6 Plan Determination. The determination of the Compensation Committee as to any question involving the general administration and interpretation or construction of the Plan shall be within its sole discretion and shall be final, conclusive and binding on all persons, except as otherwise provided herein or by law.

Section 8.7 Modification and Termination. Benefits under this Plan are not vested except as specifically stated otherwise in this Plan document, and may be changed, modified or terminated at any time, either individually or on a Plan-wide basis. The Company may at any time, without notice or consent of any person, terminate or modify this Plan in whole or in part, and such termination or modification shall apply to existing as well as to future employees. However, such actions shall not affect any Separation Benefit that has become payable to an Eligible Employee as a result of that Employee's Separation from Service before the amendment date, and such benefit shall continue to be paid in accordance with the Plan provisions in effect on the date of such Eligible Employee's Separation from Service.

Section 8.8 Indemnification. To the extent permitted by law, the Company shall indemnify and hold harmless the members of the Board of Directors, the Compensation Committee members, and any employee to whom any fiduciary responsibility with respect to this Plan is allocated or delegated to, and against any and all liabilities, costs and expenses incurred by any such person as a result of any act, or omission to act, in connection with the performance of his/her duties, responsibilities and obligations under this Plan, ERISA and other applicable law, other than such liabilities, costs and expenses as may result from the gross negligence or willful misconduct of any such person. The foregoing right of indemnification shall be in addition to any other right to which any such person may be entitled as a matter of law or otherwise. The Company may obtain, pay for and keep current a policy or policies of insurance, insuring the members of the Board of Directors, the Compensation Committee members and any other employees who have any fiduciary responsibility with respect to this Plan from and against any and all liabilities, costs and expenses incurred by any such person as a result of any act, or omission, in connection with the performance of his/her duties, responsibilities and obligations under this Plan and under ERISA.

Section 8.9 Successful Defense. A person who has been wholly successful, on the merits or otherwise, in the defense of a civil or criminal action or proceeding or claim or demand of the character described in Section 8.8 above shall be entitled to indemnification as authorized in Section 8.8.

Section 8.10 Unsuccessful Defense. Except as provided in Section 8.9, any indemnification under Section 8.8, unless ordered by a court of competent jurisdiction, shall be made by the Company only if authorized in the specific case:

8.10.1 By the Board of Directors acting by a quorum consisting of directors who are not parties to such action, proceeding, claim or demand, upon a finding that the member of the Compensation Committee has met the standard of conduct set forth in Section 8.8; or

8.10.2 If a quorum under Section 8.10.1 is not obtainable with due diligence the Board of Directors upon the opinion in writing of independent legal counsel (who may be counsel to any Employing Company) that indemnification is proper in the circumstances because the standard of conduct set forth in Section 8.8 has been met by such member of the Compensation Committee.

Section 8.11 Advance Payments. Expenses incurred in defending a civil or criminal action or proceeding or claim or demand may be paid by the Company or Employing Company, as applicable, in advance of the final disposition of such action or proceeding, claim or demand, if authorized in the manner specified in Section 8.10, except that, in view of the obligation of repayment set forth in Section 8.12, there need be no finding or opinion that the required standard of conduct has been met.

Section 8.12 Repayment of Advance Payments. All expenses incurred, in defending a civil or criminal action or proceeding, claim or demand, which are advanced by the Company or Employing Company, as applicable, under Section 8.11 shall be repaid if the person receiving such advance is ultimately found, under the procedures set forth in this Article VIII, not to be entitled to the extent the expenses so advanced by the Company exceed the indemnification to which he or she is entitled.

Section 8.13 Right of Indemnification. Notwithstanding the failure of the Company or Employing Company, as applicable, to provide indemnification in the manner set forth in Section 8.10 and 8.11, and despite any contrary resolution of the Board of Directors or of the shareholders in the specific case, if the member of the Compensation Committee has met the standard of conduct set forth in Section 8.8, the person made or threatened to be made a party to the action or proceeding or against whom the claim or demand has been made, shall have the legal right to indemnification from the Company or Employing Company, as applicable, as a matter of contract by virtue of this Plan, it being the intention that each such person shall have the right to enforce such right of indemnification against the Company or Employing Company, as applicable, in any court of competent jurisdiction.

ARTICLE IX.
EFFECTIVE DATE

Section 9.1 Effective Date. This Plan became effective December 14, 2004, and is hereby amended and restated effective as of December 31, 2008.

ARTICLE X.
MISCELLANEOUS

Section 10.1 Assignment. An Employee's right to benefits under this Plan shall not be assigned, transferred, pledged, encumbered in any way or subject to attachment or garnishment, and any attempted assignment, transfer, pledge, encumbrance, attachment, garnishment or other disposition of such benefits shall be null and void and without effect.

Section 10.2 Governing Law. The Plan shall be construed and administered in accordance with ERISA and with the laws of the State of Oklahoma, to the extent such State laws are not preempted by ERISA. If any part of the Plan is held by a court of competent jurisdiction to be void or voidable, such holding shall not apply to render void or voidable the provisions of the Plan not encompassed in the court's holding. Where necessary to maintain the Plan's validity, a court of competent jurisdiction may modify the terms of this Plan to the extent necessary to effectuate its purposes as demonstrated by the terms and conditions stated herein.

Section 10.3 Employing Company Records. The records of the Employing Company with regard to any person's Eligible Employee status, Beneficiary status, employment history, Years of Service and all other relevant matters shall be conclusive for purposes of administration of the Plan.

Section 10.4 Employment Non-Contractual. This Plan is not intended to and does not create a contract of employment, express or implied, and an Employing Company may terminate the employment of any employee with or without cause as freely and with the same effect as if this Plan did not exist. Nothing contained in the Plan shall be deemed to qualify, limit or alter in any manner the Employing Company's sole and complete authority and discretion to establish, regulate, determine or modify at all times, the terms and conditions of employment, including, but not limited to, levels of employment, hours of work, the extent of hiring and employment termination, when and where work shall be done, marketing of its products, or any other matter related to the conduct of its business or the manner in which its business is to be maintained or carried on, in the same manner and to the same extent as if this Plan were not in existence.

Section 10.5 Taxes. Neither an Employing Company nor any fiduciary of this Plan shall be liable for any taxes incurred by an Eligible Employee or Beneficiary for Separation Benefit payments made pursuant to this Plan.

Section 10.6 Binding Effect. This Plan shall be binding on the Company, any Employing Company and their successors and assigns, and the Employee, Employee's heirs, executors, administrators and legal representatives. As used in this Plan, the term "successor" shall include any person, firm, corporation or other business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets or business of the Company or any Employing Company.

Section 10.7 Entire Agreement. This Plan constitutes the entire understanding between the parties hereto and may be modified only in accordance with the terms of this Plan.

Section 10.8 Decisions and Appeals.

10.8.1 Manner and Content of Benefit Determination

Within ninety (90) days from the date of an Employee's Separation from Service (or longer if special circumstances require), the Human Resources Director and the General Counsel shall provide the Employee with either an agreement and release offering Separation Benefits under the Plan or written or electronic notification of such Employee's ineligibility for or denial of Separation Benefits, either in whole or in part. If at any time the Human Resources Director and the General Counsel make any adverse benefit determination, such notification shall set forth, in a manner calculated to be understood by the Employee including the following:

(i) the specific reason(s) for the adverse determination;

(ii) references to the specific plan provisions upon which the determination is based;

(iii) a description of any additional material or information necessary for the Employee to perfect the claim and an explanation of why such material or information is necessary;

(iv) a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the Employee's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review under Section 10.8.3;

(v) if the Plan utilizes a specific internal rule, guideline, protocol, or other similar criterion in making the determination, either the specific rule, guideline, protocol or other similar criterion; or a statement that such a rule, guideline, protocol or other similar criterion was relied upon and that a copy of such rule, guideline, protocol or similar criterion will be provided free of charge to the Employee upon request;

10.8.2 Appeal of Denied Claim and Review Procedure

If an Employee does not agree with the reason for the denial or termination of Separation Benefits (including a denial or termination of benefits based on a determination of an Employee's eligibility to participate in the Plan), he/she may file a written appeal within 180 days after the receipt of the original claim determination. The request should state the basis for the disagreement along with any data, questions, or comments he/she thinks are appropriate, and should be sent to the office of the Human Resources Director.

The Compensation Committee shall conduct a full and fair review of the determination. The review shall not defer to the initial determination, and it shall take into account all comments, documents, records and other information submitted by the Eligible Employee without regard to whether such information was previously submitted or considered in the initial determination.

10.8.3 Manner and Content of Notification of Benefit Determination on Review

Within 60 days (or longer if special circumstances require), the Compensation Committee shall provide an Employee with written or electronic notification of any adverse benefit determination on review. The notification shall set forth, in a manner calculated to be understood by the Employee the following:

(i) the specific reason(s) for the adverse determination on review;

(ii) reference to the specific plan provisions upon which the review is based;

(iii) a statement that the Employee is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his claim for benefits;

(iv) a statement describing any voluntary appeal procedures offered by the Plan and the Employee's right to obtain the information about such procedures, and a statement of the Employee's right to bring an action under section 502(a) of ERISA;

(v) if an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination on review, either the specific rule, guideline, protocol, or other similar criterion, or a statement that such rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination on review and that a copy of the rule, guideline, protocol, or other similar criterion will be provided free of charge to the Employee upon request;

(vi) the following statement: "Other voluntary alternative dispute resolution methods, such as mediation, may be available. You may seek additional information by contacting your local U.S. Department of Labor office and your State insurance regulatory agency."

EXECUTED as of this 31st day of December, 2008.

UNIT CORPORATION

By: /s/ Mark E. Schell
Mark E. Schell,
Senior Vice President and General Counsel

SEPARATION AGREEMENT "A"

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

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

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

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

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

EMPLOYEE HAS TWENTY ONE (21) DAYS AFTER RECEIVING THIS AGREEMENT TO CONSIDER WHETHER TO SIGN THIS AGREEMENT.

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

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

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

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

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

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

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

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

Employee knowingly and voluntarily signs this Agreement.

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

_____
(Employee)

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

_____
(Employee)

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

_____
(Employee)

(Name of Employing Company)

By: _____

Title: _____

Date: _____

SEPARATION AGREEMENT "B"

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

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

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

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

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

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

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

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

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

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

The Plan shall be construed and administered in accordance with ERISA and other federal laws, and with the laws of the State Oklahoma to the extent such State laws are not preempted by ERISA. If any part of this Agreement is held by a court of competent jurisdiction to be void or voidable, such holding shall not apply to render void or voidable the provisions of this Agreement not encompassed in the court's holding. Where necessary to maintain this Agreement's validity, a court of competent jurisdiction may modify the terms of this Agreement to the extent necessary to effectuate its purposes as demonstrated by the terms and conditions stated herein.

Employee knowingly and voluntarily signs this Agreement.

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

_____
(Employee)

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

_____
(Employee)

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

_____
(Employee)

(Name of Employing Company)

By: _____

Title: _____

Date: _____

Exhibit 10.2

SPECIAL SEPARATION BENEFIT PLAN

OF UNIT CORPORATION AND

PARTICIPATING SUBSIDIARIES

as amended and restated effective

March 19, 2009

Table of Contents

SPECIAL SEPARATION BENEFIT PLAN

OF UNIT CORPORATION AND

PARTICIPATING SUBSIDIARIES

Introduction

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

ARTICLE 1.
SCOPE

Section 1.1 ***Name***

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

Section 1.2 ***Plan Year***

The Plan Year is the calendar year. The initial Plan Year is the period October 19, 2004 through December 31, 2004.

ARTICLE 2.
DEFINITIONS

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

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

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

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

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

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

(i) On the close of business on the tenth day following the time the Company learns of the acquisition by any individual entity or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, of beneficial ownership within the meaning of Rule 13d 3 promulgated under the Exchange Act, of 15% or more of either (i) the then outstanding shares of Common Stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of Directors (the "Outstanding Company Voting Securities"); excluding, however, the following: (A) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from the Company); (B) any acquisition by the Company; (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; (D) any acquisition by any corporation pursuant to a transaction with complies with clauses (i), (ii) and (iii) of subsection (iii) of this definition; (E) any acquisition by the George Kaiser Family Foundation ("GKFF) as long as the acquisition does not cause GKFF's total ownership to exceed 25% of our issued and outstanding shares of common stock; and (F) if the Board of Directors of the Company determines in good faith that a Person became the beneficial owner of 15% or more of the Outstanding Company Common Stock inadvertently (including, without limitation, because (A) such Person was unaware that it beneficially owned a percentage of Outstanding Company Common Stock that would cause a Change of Control or (B) such Person was aware of the extent of its beneficial ownership of Outstanding Company Common Stock but had no actual knowledge of the consequences of such beneficial ownership under this Plan) and without any intention of changing or influencing control of the Company, then the beneficial ownership of Outstanding Company Common Stock by that Person shall not be deemed to be or to have become a Change of Control for any purposes of this Plan unless and until such Person shall have failed to divest itself, as soon as practicable (as determined, in good faith, by the Board of Directors of the Company), of beneficial ownership of a sufficient number of Outstanding Company Common Stock so that such Person's beneficial ownership of Outstanding Company Common Stock would no longer otherwise qualify as a Change of Control.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(vi) an employee who is a member of the Board of Directors of the Employing Company.

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

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

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

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

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

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

(i) Discharge for Cause,

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

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

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

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

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

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

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

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

2.21 "Years of Service" means the sum of the number of continuous Completed Years of Service as an Employee of an Employing Company during the period of employment beginning with the Employee's most recent hire date and ending with the Employee's most recent termination date.

ARTICLE 3.
BENEFITS

Section 3.1 ***Eligibility***

Each Employee (i) who is selected by the Administrative Committee to participate in this Plan, (ii) who has at least one active Year of Service with an Employing Company immediately preceding the date of his or her Termination of Employment, (iii) who complies with all administrative requirements of this Plan, including the provisions of Article Five, (iv) whose termination of employment is the result of the circumstances described in Section 3.2, and (v) who works through his/her Termination Date and who is not engaged in a strike or lockout as of the Termination Date, is eligible to participate in this Plan and, subject to all the terms of the Plan, receive benefits as provided in this Article Three. An Employee is ineligible to participate in this Plan if such Employee fails to satisfy any of the requirements of this Plan including, but not limited to, failure to establish that his or her termination meet the requirements for a Termination of Employment.

Section 3.2 ***Separation Benefit***

A Separation Benefit shall be provided for Eligible Employees under the provisions of this Article Three if an Eligible Employee's Termination of Employment is the result of (i) an Employing Company terminating the employment of the Eligible Employee, (ii) a voluntary termination of employment by the Eligible Employee on or after the date the Eligible Employee attains age 65 or (iii) the death of the Eligible Employee on or after the date the Eligible Employee attains age 65.

Section 3.3 ***Separation Benefit Amount***

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

Schedule of Separation Benefits

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

Section 3.4 ***Separation Benefit Limitation***

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

Section 3.5 ***Withholding Tax***

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

Section 3.6 ***Reemployment of an Eligible Employee***

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

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

Section 3.7 ***Integration with Disability Benefits***

The Separation Benefit payable to an Eligible Employee with respect to any Separation Period shall be reduced (but not below zero) by the amount of any

disability benefit payable from any disability plan or program sponsored or contributed to by an employing Company. The amount of any such reduction shall not be paid to the Eligible Employee in any future period.

Section 3.8 ***Plan Benefit Offset***

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

Section 3.9 ***Recoupment***

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

(a) the Eligible Employee, or

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

Section 3.10 ***Change in Control***

Unless otherwise provided in writing by the Board of Directors prior to a Change in Control of the Company, all Eligible Employees shall be vested in his/her Separation Benefit as of the date of the Change in Control based on such Eligible Employee's then Years of Service as determined by reference to the schedule set forth in Section 3.3 of this Plan. Any Separation Benefit deemed to have vested pursuant to this section shall be payable upon the Eligible Employee's Termination of Employment with the Employing Company and shall be paid in accordance with the Plan provisions in effect immediately prior to the Change in Control.

ARTICLE 4.
METHOD OF PAYMENT

Section 4.1 ***Separation Benefit Payment***

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

Section 4.2 ***Protection of Business***

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

Section 4.3 ***Death***

(a) *Termination of Employment as a result of death of Eligible Employee* - In the event that the Eligible Employee's Termination of Employment is as a result of the Employee's death, the Separation Benefit shall be paid to the Eligible Employee's Beneficiary in accordance with the provisions of Section 3.3, above. Payments shall be made to the Eligible Employee's Beneficiary, notwithstanding the Eligible Employee's failure to meet the waiver and release conditions of Article Five of the Plan.

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

ARTICLE 5.
WAIVER AND RELEASE OF CLAIMS

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

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

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

ARTICLE 6.
FUNDING

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

ARTICLE 7.
OPERATION

Section 7.1 ***Employing Company Participation***

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

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

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

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

Section 7.2 ***Status of Subsidiaries***

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

Section 7.3 ***Termination by an Employing Company***

Any Employing Company other than the Company may withdraw from participation in the Plan at any time by delivering to the Administration Committee written notification to that effect signed by such Employing Company's chief executive officer or his delegate. Withdrawal by any Employing Company pursuant to this paragraph or complete discontinuance of Separation Benefits under the Plan by any Employing Company other than the Company, shall constitute termination of the Plan with respect to such Employing Company, but such actions shall not affect any Separation Benefit that has become payable to an Eligible Employee, and such benefit shall continue to be paid in accordance with the Plan provisions in effect on the Termination of Employment.

ARTICLE 8.
ADMINISTRATION

Section 8.1 ***Named Fiduciary***

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

Section 8.2 ***Fiduciary Responsibilities***

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

Section 8.3 ***Specific Fiduciary Responsibilities***

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

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

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

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

Section 8.4 ***Allocations and Delegations of Responsibility***

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

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

Section 8.5 ***Advisors***

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

Section 8.6 ***Plan Determination***

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

Section 8.7 ***Claims Review Procedure***

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

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

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

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

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

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

8.7.5 The determinations whether any person qualifies as an Eligible Employee under the Plan; and whether to grant or deny any claim for benefits under this Plan shall be made by the Administration Committee, in its sole and absolute discretion, and all such determinations shall be conclusive and binding on all persons to the maximum extent permitted by law.

Section 8.8 ***Modification and Termination***

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

Section 8.9 ***Indemnification***

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

Section 8.10 ***Successful Defense***

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

Section 8.11 ***Unsuccessful Defense***

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

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

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

Section 8.12 ***Advance Payments***

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

Section 8.13 ***Repayment of Advance Payments***

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

Section 8.14 ***Right of Indemnification***

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

ARTICLE 9.
EFFECTIVE DATE

This Plan shall be effective on and after October 19, 2004.

ARTICLE 10.
MISCELLANEOUS

Section 10.1 ***Assignment***

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

Section 10.2 ***Governing Law***

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

Section 10.3 ***Employing Company Records***

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

Section 10.4 ***Employment Non-Contractual***

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

Section 10.5 ***Taxes***

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

Section 10.6 ***Binding Effect***

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

Section 10.7 ***Entire Agreement***

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

To receive a Separation Benefit in connection with a reduction in force or other Termination of Employment affecting a group of employees, an Eligible Employee must sign the following Separation Agreement "A" provided by the Company:

SEPARATION AGREEMENT "A"

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

Employee's employment will end on _____, 20____.

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

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

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

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

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

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

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

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

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

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

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

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

Employee knowingly and voluntarily signs this Agreement.

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

_____ (Employee)

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

_____ (Employee)

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

_____ (Employee)

(Name of Employing Company)

By: _____
Title: _____
Date: _____

To receive a Separation Benefit in connection with a reduction in force or other Termination of Employment affecting a group of employees, an Eligible Employee must sign the following Separation Agreement "B" provided by the Company:

SEPARATION AGREEMENT "B"

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

Employee's employment will end on _____, 20___.

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

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

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

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

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

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

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

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

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

Employee knowingly and voluntarily signs this Agreement.

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

_____ (Employee)

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

_____ (Employee)

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

_____(Employee)

(Name of Employing Company)

By: _____
Title: _____
Date: _____

Exhibit 10.3

UNIT CORPORATION

SEPARATION BENEFIT PLAN

FOR SENIOR MANAGEMENT

as amended and restated effective

March 19, 2009

UNIT CORPORATION
SEPARATION BENEFIT PLAN
FOR SENIOR MANAGEMENT

INDEX

UNIT CORPORATION
SEPARATION BENEFIT PLAN
FOR SENIOR MANAGEMENT

Introduction

The purpose of the Unit Corporation Separation Benefit Plan for Senior Management is to provide certain officers and key executives of Unit Corporation or its subsidiaries with appropriate assurances of continued income and other benefits for a reasonable period of time in the event that the individual's employment ceases under the circumstances described herein.

The Compensation Committee shall, in its absolute discretion select the individuals to be covered by this Plan from time to time. The Compensation Committee may notify each selected individual of his or her selection and provide him or her with a copy of this Plan.

Participation in the Plan shall not in any respect be deemed to grant Participant either a right to continued participation in the Plan or a right to continued employment and employment and participation remains terminable at will by either the Employing Company or Participant at any time for any reason or for no reason.

ARTICLE 1.
Definitions

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

1.2 **"Beneficiary"** means the person designated by a Participant in a written instrument filed with the Compensation Committee to receive benefits under this Plan.

1.3 **"Board of Directors"** means the board of directors of the Company.

1.4 **"Bonus"** means any annual incentive compensation paid to a Participant over and above Base Salary earned and paid in cash or otherwise.

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

(i) On the close of business on the tenth day following the time the Company learns of the acquisition by any individual entity or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, of beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act, of 15% or more of either (i) the then outstanding shares of Common Stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of Directors (the "Outstanding Company Voting Securities"); excluding, however, the following: (A) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from the Company); (B) any acquisition by the Company; (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (iii) of this definition; and (E) any acquisition by the George Kaiser Family Foundation ("GKFF") as long as the acquisition does not cause GKFF's total ownership to exceed 25% of our issued and outstanding shares of common stock;

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

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

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

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

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

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

1.9 **"Compensation Committee"** means the Compensation Committee established and appointed by the Board of Directors.

1.10 **"Completed Year of Service"** means the period of time beginning with a Participant's date of hire or the anniversary of the date of hire and ending twelve months thereafter.

1.11 **"Discharge for Cause"** means termination of a Participant's employment by the Employing Company due to:

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

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

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

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

(v) a breach of Participant's fiduciary duty involving personal profit; or

(vi) similar actions.

1.12 **"Employing Company"** with respect to a Participant shall mean either the Company or, if applicable, the subsidiary of the Company which employs Participant.

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

1.14 **"Human Resources Director"** means the Human Resources Director of the Company.

1.15 **"Participant"** means an individual who is designated as such pursuant to Section 2.1.

1.16 **"Plan"** means the Unit Corporation Separation Benefit Plan for Senior Management, as set forth in this document and as may be amended from time to time.

1.17 **"Separation Agreement"** means the agreement between an Employee and the Employing Company in which the Participant waives and releases the Company, Employing Company and other potentially related parties from certain claims in exchange for and in consideration of payments of the Separation Benefit, to which the Participant would not otherwise be entitled.

1.18 **"Separation Benefit"** means the benefit provided for under this Plan as determined under Article 2.

1.19 **"Separation Period"** means the period of time over which a Participant receives Separation Benefits under the Plan.

1.20 **"Separation from Service"** shall mean a Participant's "separation from service" as determined by the Company in accordance with Section 409A of the Code. A Separation from Service shall be effective on the date specified by the Employing Company (the "Termination Date").

1.21 **"Specified Employee"** means those employees of the Company or an Employing Company who are determined by the Compensation Committee to be a "specified employee" in accordance with Section 409A of the Code and the regulations promulgated thereunder.

1.22 **"Years of Service"** means the sum of the number of continuous Completed Years of Service as an employee of an Employing Company during Participant's period of employment beginning with Participant's most recent hire date and ending with Participant's most recent termination date.

ARTICLE 2.
Benefits

2.1 Participants

Each individual named on Schedule I hereto shall be a Participant in the Plan. Schedule I may be amended by the Compensation Committee from time to time to add individuals as a Participant.

2.2 Separation Benefit

A Separation Benefit shall be provided under the provisions of this Article 2 to a Participant who is eligible to receive a Separation Benefit under Section 2.3 at the time of their Separation from Service.

2.3 Eligibility

Each Participant who complies with all administrative requirements of this Plan, including the provisions of Article 4, is eligible to receive a Separation Benefit following their Separation from Service. However, a Participant is ineligible to receive a Separation Benefit if he or she fails to satisfy any of the requirements of this Plan, including, but not limited to, failure to establish that his or her termination met the requirements for a Separation from Service. Additionally, a Participant shall be ineligible to participate in this Plan if that Participant's termination of employment results from:

(i) A Discharge for Cause,

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

(iii) An offer to Participant of a position with an Employing Company, or affiliate,

(iv) A termination under which a Participant accepts any benefits under an incentive retirement plan or other severance or termination benefits program, contract or plan offered by the Company or the Employing Company,

(v) A Participant who has a written employment contract which contains severance provisions,

(vi) A temporary work cessation due to strikes, lockouts or similar reasons,

(vii) The divestiture of any business of an Employing Company if the Participant is offered a Comparable Position by the purchaser or successor of such business, an affiliate thereof, or an affiliate of an Employing Company, or

(viii) A termination of the Participant if the Participant is offered a Comparable Position arranged for or secured by an Employing Company.

2.4 Separation Benefit Amount

The Separation Benefit payable to a Participant under this Plan shall be based, in part, on his/her Years of Service with the Company, or Employing Company. The formula for determining a Participant's Separation Benefit payment shall be calculated by dividing Participant's annual Base Salary in effect immediately before the date of Separation from Service by 52 to calculate the weekly separation benefit (the "Weekly Separation Benefit"). The amount of the Separation Benefit payable to Participant shall then be determined in accordance with the following applicable provision:

2.4.1 *Involuntary separation* - In the event the Separation from Service is the result of an Employing Company terminating the employment of Participant, the Separation Benefit shall be determined according to the following schedule:

Involuntary Separation
Schedule of Separation Benefits

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

2.4.2 *Voluntary separation* - In the event the Separation from Service is the result of Participant's own action (such as by way of example and not limitation, quitting, resignation or retirement) the Separation Benefit shall be determined according to the following Schedule:

Voluntary Separation
Schedule of Separation Benefits

Years of Service	Number of Weekly Separation Benefit Payments
1-19	0
20	80
21	84
22	88
23	92

24	96
25	100
26 or more	104

Under certain exceptional circumstances the Compensation Committee may, in its sole and absolute discretion, choose to treat a voluntary separation as an involuntary separation and allow a Participant to receive Separation Benefits in accordance with the schedule set forth in Section 2.4.1.

2.5 Separation Benefit Limitation

Notwithstanding anything in the Plan to the contrary, the Separation Benefit payable to any Participant under this Plan shall never exceed the lesser of (i) 104 Weekly Separation Benefit payments; or (ii) the amount permitted under ERISA to maintain this Plan as a welfare benefit plan. The benefits payable under this Plan shall be inclusive of and offset by any amounts paid under federal, state, local or foreign government worker notification (e.g., Worker Adjustment and Retraining Notification Act) or office closing requirements.

2.6 Withholding Tax

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

2.7 Reemployment of a Participant

Entitlement to the unpaid balance of any Separation Benefit due a Participant under this Plan shall be revoked immediately on reemployment of the person as an employee of an Employing Company. Any unpaid balance shall not be payable in any future period.

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

2.8 Integration with Disability Benefits

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

2.9 Plan Benefit Offset

The amount of any severance or separation type payment that an Employing Company is or was obligated to pay to a Participant under any law, decree, or court award, because of Participant's termination of employment from an Employing Company shall reduce the amount of Separation Benefit otherwise payable under this Plan.

2.10 Recoupment

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

(a) Participant, or

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

2.11 Completion of Twenty Years of Service

Any Participant who completes 20 Years of Service before the termination of this Plan shall be vested in his/her Separation Benefit, notwithstanding the subsequent termination of this Plan before that Participant's Separation from Service. Any Separation Benefit deemed to have vested under this Section shall be payable on such Participant's Separation from Service with the Employing Company and shall be paid in accordance with the greater of (1) the Plan provisions in effect immediately before the termination of this Plan, and (2) the Plan provisions in effect on the date Participant completed 20 Years of Service.

2.12 Change in Control

Unless otherwise provided in writing by the Board of Directors before a Change in Control of the Company, all Participant shall be vested in his/her Separation Benefit as of the date of the Change in Control based on the Participant's then Years of Service as determined by reference to the schedule set forth in Section 2.3.1 of this Plan. Any Separation Benefit deemed to have vested under this Section shall be payable upon Participant's Separation from Service with the Employing Company and shall be paid in accordance with the Plan provisions in effect immediately before the Change in Control.

ARTICLE 3.
Method of Payment

3.1 Separation Benefit Payment

Separation Benefit payments shall be paid in equal installments in the same manner as wages were paid to Participant while employed, and, subject to Section 3.4, the installments shall begin no later than 90 days following the Termination Date. Notwithstanding anything in the Plan to the contrary, the Separation Period for a Participant shall never exceed the amount of time permitted under ERISA to maintain this Plan as a welfare benefit plan. If under the payment schedule set forth in this Plan, the Separation Period will expire before the full payment of the Separation Benefit owed to a Participant under this Plan, then the total amount unpaid as of the final installment shall be paid to the Participant in the final installment.

3.1.1 Each Participant, upon selection for participation in this Plan, may make an election to defer payment of the Separation Benefit to a date specified in the deferral election that will be provided in a form prescribed by the Compensation Committee. A Participant who elects to defer payment of his or her Separation Benefit will also be permitted to elect between payment of the deferred Separation Benefit in the form of a lump sum or installment payments over a 24-month period. A Participant may change his or her election so long as the election to change is submitted to the Compensation Committee at least twelve months prior to the date payment of a Separation Benefit would have otherwise commenced and payment of the Separation Benefit is delayed at least five years from the date payment was previously set to commence.

3.2 Protection of Business

3.2.1 Any Participant who receives Separation Benefits under Section 2.2 of this Plan agrees that, in consideration of the Separation Benefits, the Participant will not, in any capacity, directly or indirectly, and on his or her own behalf or on behalf of any other person or entity, during the period of time he or she is receiving Separation Benefits, either (a) solicit or attempt to induce any current customer of the Employing Company to cease doing business with the Employing Company; (b) solicit or attempt to induce any employee of the Employing Company to sever the employment relationship; (c) compete against the Employing Company; (d) injure the Employing Company and the Company, in their business activities or its reputation; or (e) act as an employee, independent contractor, or service provider of a person or entity that is a competitor of the Employing Company or injures the Employing Company or the Company, its business activities or its reputation (collectively, the "Protection of Business Requirements"). The Compensation Committee in its sole discretion shall decide whether any Participant is in violation of this Section.

3.2.2 Except as provided in the next paragraph and/or the Separation Agreement, in the event the Participant violates the Protection of Business Requirements of this Section (or the like provisions of his or her Separation Agreement), the Participant shall not be entitled to any further payments of Separation Benefits under this Plan and shall be obligated to repay the Employing Company all monies previously received as Separation Benefits from the date of the violation forward.

3.2.3 In the event of a Change in Control, the Participant's obligations under this Section shall expire and be canceled, and the Participant shall be entitled to Separation Benefits under this Plan in accordance with its terms even if he or she engages in conduct that would otherwise violate the Protection of Business Requirements in this Section.

3.2.4 The Plan shall maintain records for each Participant that is eligible for Separation Benefits and for each Participant that actually receives Separation Benefits (including relevant dates, claim records, appeal records, payment amounts, etc.).

3.2.5 The Plan shall pay benefits to Participant on a regular basis. The Plan shall process and pay Separation Benefits on a regular basis, and adjudicate claims for denied or terminated Separation Benefits.

3.2.6 The Compensation Committee shall have the ultimate ongoing administrative duty to monitor and investigate the activities of Participants to ensure they are in compliance with the Protection of Business Requirements. As set forth in this Plan, the Compensation Committee shall have discretion to determine on an ongoing basis whether each Participant receiving Separation Benefits remains in compliance with the Plan's Protection of Business Requirements during the period the Participant is receiving Separation Benefits.

3.2.7 The Compensation Committee shall have full and sole discretion to determine eligibility for Separation Benefits and to construe the terms of the Plan.

3.2.8 By accepting Separation Benefits, a Participant certifies that he/she is in compliance with the Protection of Business Requirements. Participants must notify the Plan, through the Human Resources Director, of any change of employer, employment status, or job status or responsibilities, while eligible for Separation Benefits. Additionally, Participants receiving benefits must complete and submit to the Plan on request a form certifying that they are in compliance with the Protection of Business Requirements. The Human Resources Director shall review such forms and make preliminary decisions regarding whether the Participant is in compliance with the Protection of Business Requirements.

3.2.9 As a condition to receiving Separation Benefits or coverage, Participants and their employers must fully cooperate with any inquiry or investigation by the Plan concerning the Protection of Business Requirements. If the Participant or employer fails to fully cooperate with any such inquiry or investigation, the Participant shall be deemed to have been in violation of the Protection of Business Requirements, and shall therefore forfeit any further benefits under the Plan and shall be obligated to repay the Employing Company all monies previously received as Separation Benefits.

3.2.10 The Company shall maintain a projection of the amount of money that will be required for the Company to fulfill its unfunded obligation under the Plan to make payments to various Participants at different times.

3.3 Death Subsequent to Separation from Service

If the death of a Participant occurs after the date of Separation from Service and before receipt of the full Separation Benefit to which he or she was entitled, the remaining payments shall be paid to such Participant's Beneficiary in accordance with the Provisions of Section 2.4.2 and 3.1. If there is no designated living Beneficiary, the payments shall be paid to the executor or administrator of Participant's estate.

3.4 Payment to Specified Employees Upon Separation from Service

In no event shall a Specified Employee receive a payment under this Plan following a Separation from Service before the first business day of the seventh month following the date of Separation from Service, unless the Separation from Service results from death. Any amounts which would otherwise be payable to the Specified Employee during the six month period may, at the Employing Company's discretion, be accumulated and paid on the first day of the seventh month following the date of the Specified Employee's Separation from Service.

ARTICLE 4.
Waiver and Release of Claims

It is a condition of this Plan that no Separation Benefit shall be paid to or for any Participant except on due signing and delivery to the Employing Company by that Participant of a Separation Agreement, in substantially the form attached to this Plan as Attachment A (except as may be modified from time to time), by which Participant waives and releases the Company, the Employing Company, their subsidiaries and their officers, directors, agents, employees, and affiliates from all claims arising or alleged to arise out of his or her employment or the Separation from Service. The waiver and release provided in the Separation Agreement is being given in exchange for and in consideration of payment of the Separation Benefit, to which Participant would not otherwise be entitled.

In connection with the signing of the Separation Agreement, the following procedures shall be followed (except as modified from time to time): Participant shall be advised in writing, by receiving the written text of the Separation Agreement so stating, to consult a lawyer before signing the Separation Agreement; Participant shall be given 21 days to consider the Separation Agreement before signing; after signing, Participant shall have seven days in which to revoke the Separation Agreement; and the Separation Agreement shall not take effect until that seven-day period shall have passed.

ARTICLE 5.
Funding

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

ARTICLE 6.
Administration

6.1 Named Fiduciary

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

6.2 Fiduciary Responsibilities

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

6.3 Specific Fiduciary Responsibilities

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

(i) To interpret or construe the terms of this Plan, including eligibility to participate, and resolve ambiguities, inconsistencies and omissions;

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

(iii) To decide all questions concerning this Plan and the determination of who shall be a Participant; and

(iv) To determine eligibility for Separation Benefits under this Plan.

6.4 Allocations and Delegations of Responsibility

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

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

6.5 Advisors

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

6.6 Plan Determination

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

6.7 Modification and Termination

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

6.8 Indemnification

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

6.9 Successful Defense

A person who has been wholly successful, on the merits or otherwise, in the defense of a civil or criminal action or proceeding or claim or demand of the character described in Section 6.8 shall be entitled to indemnification as authorized in Section 6.8.

6.10 Unsuccessful Defense

Except as provided in Section 6.9, any indemnification under Section 6.8, unless ordered by a court of competent jurisdiction, shall be made by the Company only if authorized in the specific case:

6.10.1 By the Board of Directors acting by a quorum consisting of directors who are not parties to such action, proceeding, claim or demand, upon a finding that the member of the Compensation Committee has met the standard of conduct set forth in Section 6.8; or

6.10.2 If a quorum under Section 6.10.1 is not obtainable with due diligence by the Board of Directors upon the opinion in writing of independent legal counsel (who may be counsel to any Employing Company) that indemnification is proper in the circumstances because the standard of conduct set forth in Section 6.8 has been met by such member of the Compensation Committee.

6.11 Advance Payments

Expenses incurred in defending a civil or criminal action or proceeding or claim or demand may be paid by the Company or Employing Company, as applicable, in advance of the final disposition of such action or proceeding, claim or demand, if authorized in the manner specified in Section 6.10, except that, in view of the obligation of repayment set forth in Section 6.12, there need be no finding or opinion that the required standard of conduct has been met.

6.12 Repayment of Advance Payments

All expenses incurred, in defending a civil or criminal action or proceeding, claim or demand, which are advanced by the Company or Employing Company, as applicable, under Section 6.11 shall be repaid if the person receiving such advance is ultimately found, under the procedures set forth in this Article 6, not to be entitled to the extent the expenses so advanced by the Company exceed the indemnification to which he or she is entitled.

6.13 Right of Indemnification

Notwithstanding the failure of the Company or Employing Company, as applicable, to provide indemnification in the manner set forth in Sections 6.10 and 6.11, and despite any contrary resolution of the Board of Directors or of the shareholders in the specific case, if the member of the Compensation Committee has met the standard of conduct set forth in Section 6.8, the person made or threatened to be made a party to the action or proceeding or against whom the claim or demand has been made, shall have the legal right to indemnification from the Company or Employing Company, as applicable, as a matter of contract by virtue of this Plan, it being the intention that each such person shall have the right to enforce such right of indemnification against the Company or Employing Company, as applicable, in any court of competent jurisdiction.

ARTICLE 7.
Effective Date and Plan Year

This Plan shall be effective as amended and restated on and after December 31, 2008. The Plan Year is the calendar year.

ARTICLE 8.
Miscellaneous

8.1 Assignment

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

8.2 Governing Law

The Plan shall be construed and administered in accordance with ERISA and with the laws of the State of Oklahoma, to the extent such State laws are not preempted by ERISA.

8.3 Employing Company Records

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

8.4 Employment Non-Contractual

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

8.5 Taxes

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

8.6 Binding Effect

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

8.7 Entire Agreement

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

8.8 Decisions and Appeals

8.8.1 Manner and Content of Benefit Determination

Within ninety (90) days from the date of a Participant's Separation from Service (or longer if special circumstances require), the Human Resources Director and the General Counsel shall provide the Participant with either an agreement and release offering Separation Benefits under the Plan or written or electronic notification of such Participant's ineligibility for or denial of Separation Benefits, either in whole or in part. If at any time the Human Resources Director and the General Counsel make any adverse benefit determination, such notification shall set forth, in a manner calculated to be understood by the Participant including the following:

(i) the specific reason(s) for the adverse determination;

(ii) references to the specific plan provisions upon which the determination is based;

(iii) a description of any additional material or information necessary for the Participant to perfect the claim and an explanation of why such material or information is necessary;

(iv) a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the Participant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review under Section 8.8.3;

(v) if the Plan utilizes a specific internal rule, guideline, protocol, or other similar criterion in making the determination, either the specific rule, guideline, protocol or other similar criterion; or a statement that such a rule, guideline, protocol or other similar criterion was relied upon and that a copy of such rule, guideline, protocol or similar criterion will be provided free of charge to the Participant upon request;

8.8.2 Appeal of Denied Claim and Review Procedure

If a Participant does not agree with the reason for the denial or termination of Separation Benefits (including a denial or termination of benefits based on a determination of a Participant's eligibility to participate in the Plan), he/she may file a written appeal within 180 days after the receipt of the original claim determination. The request should state the basis for the disagreement along with any data, questions, or comments he/she thinks are appropriate, and should be sent to the office of the Human Resources Director.

The Compensation Committee shall conduct a full and fair review of the determination. The review shall not defer to the initial determination, and it shall take into account all comments, documents, records and other information submitted by the Participant without regard to whether such information was previously submitted or considered in the initial determination.

8.8.3 Manner and Content of Notification of Benefit Determination on Review

Within 60 days (or longer if special circumstances require), the Compensation Committee shall provide a Participant with written or electronic notification of any adverse benefit determination on review. The notification shall set forth, in a manner calculated to be understood by the Participant the following:

(i) the specific reason(s) for the adverse determination on review;

(ii) reference to the specific plan provisions upon which the review is based;

(iii) a statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his claim for benefits;

(iv) a statement describing any voluntary appeal procedures offered by the Plan and the Participant's right to obtain the information about such procedures, and a statement of the Participant's right to bring an action under section 502(a) of ERISA;

(v) if an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination on review, either the specific rule, guideline, protocol, or other similar criterion, or a statement that such rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination on review and that a copy of the rule, guideline, protocol, or other similar criterion will be provided free of charge to the Participant upon request;

(vi) the following statement: "Other voluntary alternative dispute resolution methods, such as mediation, may be available. You may seek additional information by contacting your local U.S. Department of Labor office and your State insurance regulatory agency."

EXECUTED as of this 31st day of December, 2008.

UNIT CORPORATION

By: /s/ Mark E. Schell
Mark E. Schell,
Senior Vice President and General Counsel

To receive a Separation Benefit, a participant must sign the following Separation Agreement provided by the Company:

SEPARATION AGREEMENT

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

Participant's employment will end on _____, 20____.

Unit will pay to Participant a Separation Benefit of $_____ in accordance with and subject to the terms of the Unit Corporation Separation Benefit Plan for Senior Management (the "Plan").

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

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

PARTICIPANT HAS TWENTY-ONE DAYS AFTER RECEIVING THIS AGREEMENT TO CONSIDER WHETHER TO SIGN IT.

AFTER SIGNING THIS AGREEMENT, PARTICIPANT HAS ANOTHER SEVEN DAYS IN WHICH TO REVOKE IT, AND IT DOES NOT TAKE EFFECT UNTIL THOSE SEVEN DAYS HAVE ENDED.

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

As further consideration for the payment of the Separation Benefit described above, Participant agrees that if Participant's Separation Benefit is received pursuant to Section 2.3.2 "Voluntary Separation" of the Plan, Participant will not in any capacity directly or indirectly and on his or her own behalf or on behalf of any other person or entity, during the period of time he or she is receiving such Separation Benefits, either (a) solicit or attempt to induce any current customer of the Company to cease doing business with the Company or (b) solicit or attempt to induce any employee of the Company to sever the employment relationship with the Company (collectively, the "Protection of Business Requirements").

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

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

Participant has carefully read and fully understands all the provisions of this Agreement. This Agreement and the Plan constitute the entire agreement between the parties and is legally binding and enforceable. Participant has not relied upon any representation or statement, written or oral, not set forth in this Agreement.

This Agreement shall be governed and interpreted under federal law and the laws of Oklahoma.

Participant knowingly and voluntarily signs this Agreement.

Date Delivered to Participant:

_____

Date signed by Participant:

_____

Participant Signature:

_____

_____

(Print Participant's Name)

[Name of Employing Company]

By: _____

Title: _____

Date: _____

Seven-Day Revocation Period Ends:

SCHEDULE I

Dated as of December 31, 2008

Name of Participants

King P. Kirchner
O. Earle Lamborn
John G. Nikkel

Exhibit 15

August 5, 2010

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

Commissioners:

We are aware that our report dated August 5, 2010 on our review of interim financial information of Unit Corporation for the three and six month periods ended June 30, 2010 and 2009 and included in the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2010 is incorporated by reference in its Registration Statements on Form S-8 (File No.'s 33-19652, 33-44103, 33-49724, 33-64323, 33-53542, 333-38166, 333-39584, 333-135194, 333-137857 and 333-166605).

Very truly yours,

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Tulsa, Oklahoma

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: August 5, 2010

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

Exhibit 31.2

302 CERTIFICATIONS

I, David T. Merrill, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 5, 2010

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

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 June 30, 2010 (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 June 30, 2010 and December 31, 2009 and for the three and six month periods ended June 30, 2010 and 2009.

Dated: August 5, 2010

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

Dated: August 5, 2010

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

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

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