

UNIT CORPORATION

POLICY AND PROCEDURES WITH RESPECT TO RELATED PERSON TRANSACTIONS

A. Policy Statement

The Company recognizes that Related Person Transactions (as defined below) may raise questions among stockholders as to whether those transactions are consistent with the best interests of the Company and its stockholders. It is the Company's policy to enter into or ratify Related Person Transactions only when the Board of Directors, acting through the Audit Committee (the "Committee") or as otherwise described herein, determines that the Related Person Transaction in question is in, or is not inconsistent with, the best interests of the Company and its stockholders, including but not limited to situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the Company provides products or services to Related Persons (as defined below) on an arm's-length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. Therefore, the Company has adopted the procedures set forth below for the review, approval or ratification of Related Person Transactions.

This policy has been approved by the Special Committee appointed by the Board of Directors on August 15, 2006 and by the Board of Directors. The Committee will review and may amend this policy from time to time.

B. Related Person Transactions

For the purposes of this policy, a "Related Person Transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant and in which any Related Person had, has or will have a direct or indirect material interest, other than:

1. transactions in which the amount involved does not exceed \$100,000; or
2. transactions available to all employees generally; or
3. transactions involving compensation approved by the Company's Compensation Committee.

For purposes of this Policy, a "Related Person" means:

1. any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;
2. any person who is known to be the beneficial owner of more than 5% of any class of the Company's voting securities;

3. any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and

4. any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater ownership or economic interest.

C. Approval/Ratification Procedures

Related Person Transactions shall be consummated or shall continue only if the following steps are taken:

1. Prior to entering into or continuing the Related Person Transaction (a) the Related Person, (b) the director, executive officer, nominee or beneficial owner who is an immediate family member of the Related Person, or (c) the business unit or function/department leader responsible for the potential Related Person Transaction shall provide notice to the General Counsel of the facts and circumstances of the proposed Related Person Transaction, including: (i) the Related Person's relationship to the Company and interest in the transaction; (ii) the material facts of the proposed Related Person Transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved; (iii) the benefits to the Company of the proposed Related Person Transaction; (iv) if applicable, the availability of other sources of comparable products or services; and (v) an assessment of whether the proposed Related Person Transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally. In the event the notice is provided to the General Counsel by someone other than the business unit or function/department leader responsible for the potential Related Person Transaction, the General Counsel shall meet with the relevant business unit or function/department leader to confirm and supplement the information provided in the original notice. The General Counsel will assess whether the proposed transaction is a Related Person Transaction for purposes of this policy.
2. If the General Counsel determines that the proposed transaction involves an amount in excess of \$100,000 and is a Related Person Transaction, the proposed Related Person Transaction shall be submitted to the Committee for consideration at the next Committee meeting or, in those instances in which the General Counsel determines that it is not practicable or desirable for the Company to wait until the next Committee meeting, to the Chair of the Committee (who will possess delegated authority to act between Committee meetings).
3. The Committee, or where submitted to the Chair, the Chair, shall consider all of the relevant facts and circumstances available to the Committee or the Chair, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services;

the terms of the transaction; and the terms available to unrelated third parties or to employees generally. No member of the Committee shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Committee (or the Chair) shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Committee (or the Chair) determines in good faith. The Committee (or the Chair) shall convey the decision to the General Counsel, who shall convey the decision to the appropriate persons within the Company.

4. The Committee has appointed the Chair as a subcommittee of the Committee, with the authority to act on behalf of the Committee when the Committee is not in the session. The Chair of the Committee shall report to the Committee at the next Committee meeting any approval under this policy pursuant to this delegated authority.
5. The Committee has reviewed and considered the existing employee-limited partnerships which participate with Unit Petroleum Company (a subsidiary of the Company) in its exploration and production operations. The Committee approves the investment by its officers and directors in these employee programs.

C. Corporate Opportunity

The Company recognizes that situations exist where a corporate opportunity may be presented to an employee, management or a member of the Board of Directors that may or may not be equally available to the Company. Before any such opportunity in an amount exceeding \$100,000 may be consummated by such person, such opportunity shall be presented to the Committee or the Chair for consideration. The Committee (or the Chair) shall review and, if the Committee deems appropriate, waive, on behalf of the Board of Directors, any actual or potential conflicts that may arise between an employee, management or a member of the Board of Directors and the Company with regard to such a corporate opportunity and renounce, on behalf of the Board of Directors, any interest or expectancy of the Company in, or in being offered an opportunity to participate in, such opportunity. The Committee has appointed the Chair as a subcommittee of the Committee, with the authority to act on behalf of the Committee when the Committee is not in session. The Chair of the Committee shall report to the Committee at the next Committee meeting any approval under this policy pursuant to this delegated authority.

D. Disclosure

All Related Person Transactions that are required to be disclosed in the Company's filings with the Securities and Exchange Commission, as required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.

The material features of this policy shall be disclosed in the Company's annual report on Form 10-K or in the Company's proxy statement, as required by applicable laws, rules and regulations.