

B A L A N C E

*the harmonious arrangement or relation
of parts or elements within a whole*

2007
annual report
UNIT
CORPORATION

WHO *we* ARE

John G. Nikkel
Chairman of the Board

J. Michael Adcock
*Chairman of the Board of Arvest Bank
Trustee, Don Bodard Trust
Shawnee, Oklahoma*

Gary R. Christopher
*Investments
Tulsa, Oklahoma*

Don Cook
*Investments
Shawnee, Oklahoma*

King P. Kirchner
*Co-founder, Unit Corporation
Tulsa, Oklahoma*

William B. Morgan
*Attorney and Investments
Chandler, Arizona*

Larry D. Pinkston
President and Chief Executive Officer

Robert J. Sullivan, Jr.
*Manager of Sullivan and Company LLC
Tulsa, Oklahoma*

John H. Williams
*Investments
Tulsa, Oklahoma*

William B. Morgan
Chairman

J. Michael Adcock
Robert J. Sullivan, Jr.

John H. Williams

John G. Nikkel
Chairman of the Board

Larry D. Pinkston
President and Chief Executive Officer

Mark E. Schell
*Senior Vice President, General Counsel
and Secretary*

David T. Merrill
Chief Financial Officer and Treasurer

OFFICERS

BOARD OF DIRECTORS

AUDIT COMMITTEE

Don Cook
Chairman

Gary R. Christopher

William B. Morgan

COMPENSATION COMMITTEE

J. Michael Adcock
Chairman

Don Cook

William B. Morgan

John H. Williams

NOMINATING & GOVERNANCE COMMITTEE

THE STRENGTH *of* THREE

CONTRACT DRILLING

EXPLORATION & PRODUCTION

MID-STREAM

UNIT CORPORATION

SELECTED *comparative* 5 YEAR GROWTH

<i>(Dollars in thousands except per day amounts)</i>	2007	2002	Percentage
Total Revenue	\$1,158,754	\$187,392	518%
Net Income	\$266,258	\$18,244	1359%
Long-Term Debt	\$120,600	\$30,500	295%
Debt to Capitalization Ratio	7.8%	6.7%	16%
Number of Rigs at End of Period	129	75	72%
Average Dayrates	\$18,663	\$7,716	142%
Reserves (MMcfe)	514,569	269,386	91%
Gas Production (MMcf)	43,464	18,968	129%
Oil Production (MBbl)	1,091	349	213%
Liquids Production (MBbl)	785	124	533%

Our operations are mainly located in the Mid-Continent, Rocky Mountain and Gulf Coast Basins. Our corporate offices are located in Tulsa, Oklahoma, with regional offices in Oklahoma City, Oklahoma; Woodward, Oklahoma; Pampa, Texas; Borger, Texas; Houston, Texas; Humble, Texas; Midland, Texas; Weatherford, Texas; Denver, Colorado; and Casper, Wyoming. Our common stock trades on the New York Stock Exchange under the symbol "UNT."

WE ARE A
diversified
**ENERGY
COMPANY**

A WEIGHT THAT BALANCES ANOTHER WEIGHT.

LETTER *to the* SHARE HOLDERS

2007 was another very good year for us. In terms of revenues, net income and earnings per share, it was the second best year in our history. I believe that as you read the results of our efforts in this report you will agree that we have come a long way from our start in 1963 as a three rig drilling company with only two office employees and 13 field hands. Today the company and its results reflect the balance we have established within our operations. Our land contract drilling fleet stands at a record 129 drilling rigs, our exploration and production operations reached a record oil and natural gas reserve base of 514.6 Bcfe of natural gas in 2007, and our mid-stream operations achieved a record liquids sold volume of 129,421 gallons per day during the year.

By diversifying across multiple industry segments, we are able to benefit as well as our investors. Unlike energy companies that focus their efforts in only one area, our diversification increases the opportunity for our shareholders and investors to capitalize on market upswings, while mitigating the potential risks that can occur during industry downturns in a particular segment.

On the accompanying pages, we have outlined the 2007 results of each of our three business segments. We invite you to get acquainted with Unit Corporation. One of the greatest strengths of our company is its employee base – we are building our future on sharp, dedicated men and women who are the backbone of Unit Corporation's success. I want to thank them for their hard work and achievements.

As we approach our 45th year we plan to continue to build off our balance to help achieve what we believe is important – growth in our asset base, increasing value for our shareholders and building a core of valuable employees. I look forward to sharing more outstanding results with you in the future.

Sincerely,
Larry D. Pinkston
President and Chief Executive Officer
February 28, 2008



Left to Right: Mark Schell, Larry Pinkston, David Merrill



Left to Right: Jim Greer, Joe Sparkman, Rick Heck, John Cromling, Mike Almond

Unit Drilling Company began as a three-rig drilling company 44 years ago and has grown its operations to a record 129 drilling rigs. Of these rigs 65 are located in the Anadarko Basin, 15 are in the Arkoma Basin, 17 are located within our Gulf Coast operations, 25 are in the Rocky Mountain region, and seven are in the North Texas region. Our drilling field offices include Oklahoma City and Woodward, Oklahoma; Humble, Pampa, Weatherford and Borger, Texas; and Casper, Wyoming.

With operations in 10 different states, Unit has earned a strong reputation for providing outstanding service to its customers as well as meeting a wide range of their drilling needs. Our drilling fleet ranges in depth capacities from 5,000 to 40,000 feet, averaging approximately 16,120 feet, and can provide vertical and horizontal services using both air and mud as drilling mediums.

In 2007, a softening in the drilling rig market, compared to a relative boom for the industry in 2006, impacted our operating results. Our average drilling rig utilization for the year was 99.4 drilling rigs, a 9% decrease over 2006. Drilling revenues for the year decreased 10% to \$627.6 million, while average dayrates for the year decreased 0.6% to \$18,663 per day. Contract drilling operating margins decreased to 51% for the year, compared to 55% for 2006.

Our capital expenditures budget for 2008 is \$119 million, excluding acquisitions; a 27% decrease over 2007 capital expenditures, excluding acquisitions. We are constructing two new drilling rigs that we plan to place into service in our Rocky Mountain division during May 2008. Both of these rigs will be 1500 horsepower, diesel electric drilling rigs. When these rigs are completed, the company will own 131 drilling rigs.

UNIT
drilling
COMPANY

UNIT

petroleum

COMPANY

Unit Petroleum Company consistently continues to grow its asset base despite commodity price volatility. Our experienced geological, land and engineering staff has a proven record of generating and successfully drilling low risk field extension or development wells that meet our risk-weighted economic objectives.

Our strategy is to combine a successful development drilling program, tailored to meet our economic criteria, with a solid acquisition program. This has helped us to increase our oil and natural gas reserve base by an average annual growth rate of 12% over the past 10 years and 18% over the past 24 years.

As of December 31, 2007, our total oil and natural gas reserves were a record 514.6 Bcfe, consisting of 9.7 million barrels of oil, 6.1 million barrels of natural gas liquids and 419.6 Bcf of natural gas, an 8% equivalent Bcf increase. 2007 marks the 24th consecutive year that we have met our goal of replacing at least 150% of each year's production with new oil and natural gas reserves. We replaced 171% of our 2007 oil and natural gas production. Over this 24-year period, our average annual reserve replacement percentage is 226%, of which 144% was through the drill bit.

Our oil and natural gas revenues increased 9% to \$391.5 million in 2007. The price we received for our natural gas averaged \$6.30 per Mcf, a 2% increase over 2006, while our average oil price was \$70.61 per barrel, an 11% increase over 2006. Our NGL price was \$45.03 per barrel, a 25% increase over 2006.

Total equivalent production increased 3% to 54.7 Bcfe, a company record. Of the total, we produced 43.5 Bcf of natural gas, a 2% decrease, and 1.1 million barrels of oil, an 8% increase and 0.8 million barrels of NGL, a 78% increase over 2006. Our estimated production for 2008 is 59.0 to 61.0 Bcfe.

Our capital expenditure budget for 2008 is \$360 million, excluding acquisitions, of which \$297 million is planned for exploration and development drilling. This budget is a 17% increase over 2007 capital expenditures. During 2007, we commenced drilling operations on 254 new wells, 235 of which were completed by year end. In addition, 18 wells, which were started but not completed in 2006, were completed in 2007 for a total of 253 wells completed during 2007. Of the 253 completed wells, 220 were completed as producing for a success rate of 87%. We plan to drill approximately 280 wells during 2008, an increase of 11% over 2007.

Our prospect inventory continues to grow. At year-end, we had identified more than 1,200 prospective wells to drill, which could provide additional estimated net reserves to us of 687 Bcfe. These properties have been identified within our growing acreage inventory of approximately 1.5 million gross acres, the bulk of which is held by production. At year-end, we owned an interest in 7,621 gross wells.



Left to Right: Frank Young, Mark Colclasure, Brad Guidry, Carl Hansen



Left to Right: Randy Ott, Kevin Koerner, Bill Queen, Bob Parks

Superior Pipeline Company, LLC, was formed in 1996 with Unit Corporation owning 40% of the company. In July of 2004, Superior became a wholly-owned subsidiary when Unit completed the purchase of the 60% of the company that it did not own.

Superior primarily conducts its business in the mid-stream segment of the natural gas industry. It has grown its operations over its 10+ year history through grass roots construction projects, acquisitions of equipment and plants, and a strong customer base of mostly independent producers in the Mid-Continent region.

Superior's operations are located in Oklahoma, Texas, Louisiana and Kansas, and its asset base currently consists of four natural gas treatment plants, eight operated natural gas processing plants, 36 gathering systems and approximately 676 miles of pipeline.

Revenues for our mid-stream operations increased to \$138.6 million from \$101.9 million in 2006. During the year, Superior's natural gas volumes gathered decreased 11% over 2006 to 219,635 MMBtu per day, while its natural gas volumes processed increased 58% to 50,350 MMBtu per day. Natural gas liquids sold increased 93% over 2006 to 129,421 gallons per day.

We have budgeted capital expenditures of \$32 million for 2008. Our plan is to grow the operations with greenfield construction projects and seek economically attractive acquisitions during the year. In 2007, Superior completed the installation of three new gathering systems, including one system with a 5.0 MMcf per day processing plant. The company added an additional 78 miles of pipeline in 2007, which is an approximate 13% increase in total miles of pipeline, and connected an additional 56 wells to its gathering systems. The company also consolidated several smaller gathering systems into larger systems in 2007 resulting in reduced operating costs and expanding its competitive presence in those operational areas.

Superior continues to aggressively establish itself as a growing Mid-Continent pipeline company.

SUPERIOR
pipeline
COMPANY

Year Ended December 31, **2007** **2006** **2005** **2004** **2003**
(Dollars in thousands except per share and average price amounts)

Statement of Income Data:

Revenues:

Contract drilling	\$ 627,642	\$ 699,396	\$ 462,141	\$ 298,204	\$ 183,146
Oil and natural gas	391,480	357,599	318,208	185,017	116,609
Gas gathering and processing	138,595	101,863	100,464	29,717	606
Other revenues	1,037	3,527	4,795	6,265	1,016

Total revenues	\$ 1,158,754	\$ 1,162,385	\$ 885,608	\$ 519,203	\$ 301,377
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Income before change in accounting principle	\$ 266,258	\$ 312,177	\$ 212,442	\$ 90,275	\$ 48,864
Net income	\$ 266,258	\$ 312,177	\$ 212,442	\$ 90,275	\$ 50,189

Income before change in accounting principle per common share:

Basic	\$ 5.74	\$ 6.75	\$ 4.62	\$ 1.97	\$ 1.12
Diluted	\$ 5.71	\$ 6.72	\$ 4.60	\$ 1.97	\$ 1.12

Net income per common share:

Basic	\$ 5.74	\$ 6.75	\$ 4.62	\$ 1.97	\$ 1.15
Diluted	\$ 5.71	\$ 6.72	\$ 4.60	\$ 1.97	\$ 1.15

Shares outstanding:

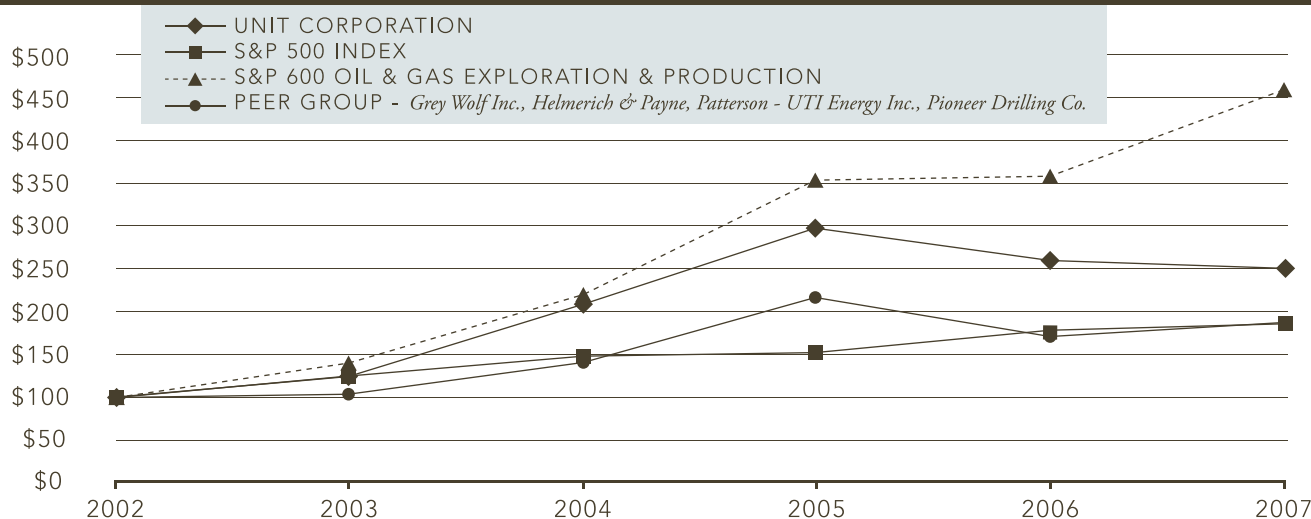
Basic	46,366	46,228	45,940	45,717	43,616
Diluted	46,653	46,451	46,189	45,934	43,773

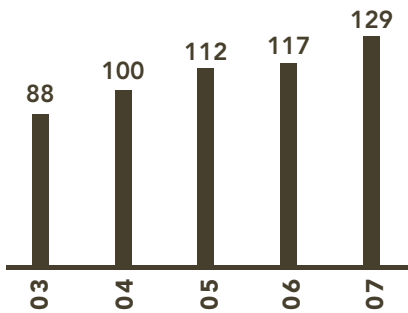
Balance Sheet Data:

Total assets	\$ 2,199,819	\$ 1,874,096	\$ 1,456,195	\$ 1,023,136	\$ 712,925
Other long-term liabilities	\$ 59,115	\$ 55,741	\$ 41,981	\$ 37,725	\$ 17,893
Long-term debt	\$ 120,600	\$ 174,300	\$ 145,000	\$ 95,500	\$ 400
Total debt-to-book capital ratio	8%	13%	15%	14%	0%
Shareholders' equity	\$ 1,434,817	\$ 1,158,036	\$ 836,962	\$ 608,269	\$ 515,768

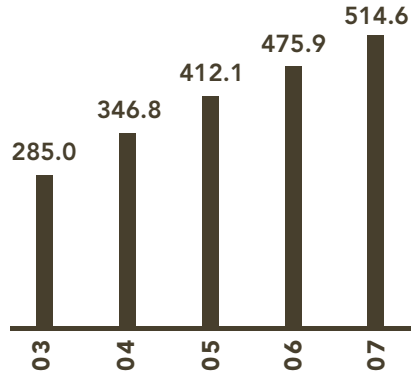
Statement of Cash Flows Data:

Net cash provided by operating activities	\$ 577,571	\$ 506,702	\$ 317,771	\$ 203,210	\$ 121,712
Capital expenditures, including acquisitions (cash basis)	\$ 517,450	\$ 546,343	\$ 390,863	\$ 314,026	\$ 131,162

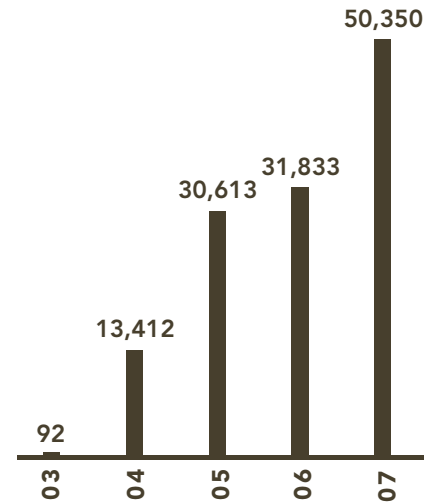
Comparison of Cumulative Five Year Total Return



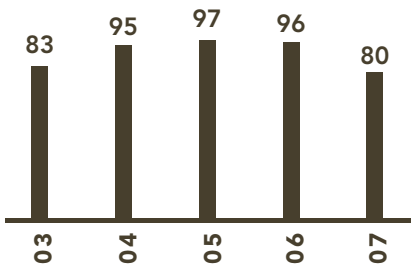
CONTRACT DRILLING
TOTAL NUMBER OF RIGS



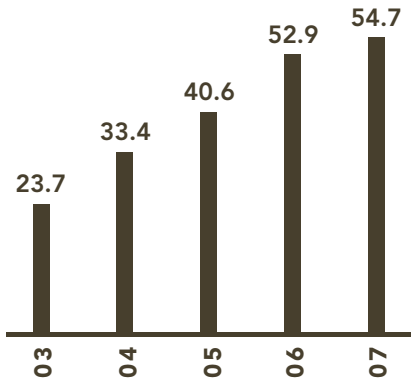
EXPLORATION & PRODUCTION
RESERVES
(Bcfe)



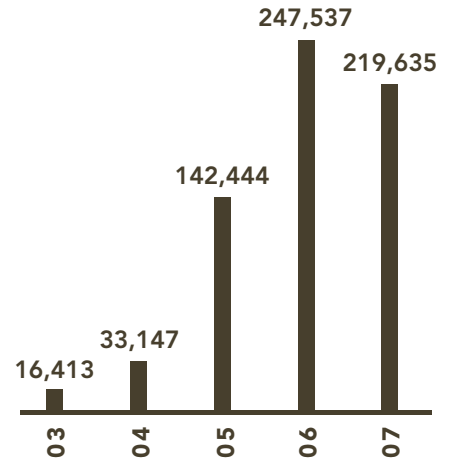
MID-STREAM
NATURAL GAS PROCESSED
(MMBtu/day)



CONTRACT DRILLING
RIG UTILIZATION
%



EXPLORATION & PRODUCTION
PRODUCTION
(Bcfe)



MID-STREAM
NATURAL GAS GATHERED
(MMBtu/day)

2007 HIGHLIGHTS

Net income of \$266.3 million, or \$5.71 per diluted share

Revenue of \$1,158.8 million (54% contract drilling, 34% oil and natural gas, and 12% gathering and processing)

Ended the year with working capital of \$40.6 million, long-term debt of \$120.6 million, and a debt to capitalization ratio of 8%

2008 capital expenditure budget is \$511 million (71% oil and natural gas, 23% contract drilling, 6% mid-stream)

ANNUAL MEETING

Our annual meeting of stockholders will be held at 11:00 a.m. Central Time on May 7, 2008 in the Tulsa Room, in the Bank of Oklahoma Tower, 9th floor, in Tulsa, Oklahoma.

CORPORATE HEADQUARTERS

Unit Corporation
7130 South Lewis Avenue, Suite 1000
Tulsa, Oklahoma 74136
Telephone: 918.493.7700
www.unitcorp.com

TRANSFER AGENT & REGISTRAR

Communications concerning the transfer of shares, lost certificates and changes of address should be directed to:
American Stock Transfer & Trust Co.
59 Maiden Lane, Plaza Level
New York, NY 10038
800.710.0929
amstock.com

STOCK LISTING

Our common stock trades on the New York Stock Exchange under the symbol: "UNT." During 2007, 82.2 million shares of our stock were traded on the NYSE. Approximately 47.0 million shares were outstanding at the end of 2007.

SHAREHOLDER PROFILE

We had 1,333 shareholders of record at year-end 2007.

INVESTOR RELATIONS

The Form 10-Q reports are available in May, August and November. The Form 10-K and Form 10-Q are available for viewing on our web site at www.unitcorp.com. Copies of the Forms 10-K, 10-Q and Annual Report, filed with the Securities and Exchange Commission, are available without charge on written request to:

Linda Baugher
Investor Relations Department
7130 South Lewis Avenue, Suite 1000
Tulsa, Oklahoma 74136.
Telephone: 918-493-7700.

INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM
PricewaterhouseCoopers LLP
Tulsa, Oklahoma

INDEPENDENT PETROLEUM ENGINEERS
Ryder Scott Company, L.P.
Houston, Texas

"IN ALL PERFECTLY BEAUTIFUL OBJECTS THERE IS
FOUND THE OPPOSITION OF ONE PART TO ANOTHER
AND A RECIPROCAL BALANCE"

- John Ruskin

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UNIT CORP
07