UNIT CORPORATION

ANNUAL REPORT 2010

Annual Meeting of Stockholders

May 4, 2011, 11:00 a.m. Central Time
Tulsa Room, Bank of Oklahoma Tower, 9th floor
Tulsa, Oklahoma

BOARD OF DIRECTORS

John G. Nikkel
Chairman of the Board

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

Gary R. Christopher
Investments
Tulsa, Oklahoma

Steven B. Hildebrand
Investments
Tulsa, Oklahoma

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

William B. Morgan
Attorney and Investments
Chandler, Arizona

Larry D. Pinkston
Chief Executive Officer and President

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

John H. Williams
Investments
Tulsa, Oklahoma

COMPENSATION COMMITTEE

J. Michael Adcock
Chairman

William B. Morgan

John H. Williams

Steven B. Hildebrand

AUDIT COMMITTEE

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Gary R. Christopher

William B. Morgan

J. Michael Adcock

NOMINATING & GOVERNANCE COMMITTEE

William B. Morgan
Chairman

J. Michael Adcock

Robert J. Sullivan, Jr.

John H. Williams

OFFICERS

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

Moving Forward.

The domestic oil and gas industry is in a state of transition. We're using new technology and new methods to extract from fields that were once thought to be depleted. We're smarter about when and where we drill. And we're going back to old fields as a source for new oil.

As an industry, we can learn, we can change. The future depends on all of us rising to the challenge.

Unit Corporation is continuing to implement its strategy of a focused transition to oil and liquids-rich gas prospects. This transition certainly brings uncertainty and risk - ours is not an industry of the faint of heart – but of course there is opportunity in every change.

Unit Corporation is prepared to execute and meet these transitions head-on and keep moving forward.

A Letter to OUR SHAREHOLDERS

Ours is an industry that is still growing, still reinventing itself, even as we've fueled the modern industrial age for more than 100 years. And as the oil and gas industry has continued to grow, it has been constantly changing. We have periods of relative calm followed by uncertainty and significant change.

Many factors create these transitions, including advances in exploration technology and extraction methods, economic factors, political change, and of course, changes in demand. These transitions can be linear, but they are often cyclical, too.

In many ways, 2010 was a stabilizing year; the pricing for oil and liquids-rich gas has returned from its low points in 2008. Natural gas prices continue to be relatively low and look to remain that way for the next two to three years. So, much of the industry activity has shifted toward oil and liquids-rich gas development.

One major transition that is shaping our industry—and Unit Corporation—is the shift toward drilling horizontal wells and multi-stage fracture stimulation. We are no longer limited to drilling vertical wells to extract oil or natural gas; we are drilling horizontally across great distances and tapping into sources that were not accessible or were not economically feasible before. We have been making this transition by drilling these types of wells, building new rigs and converting existing rigs to horizontal capabilities.

This activity is leading to a cyclical transition, the return to fields previously considered non-economic, fields where the "cheap and easy" reserves have been extracted. We're essentially digging in our own backyard again, and our Marmaton Play in the Oklahoma/Texas Panhandle is a great example.

In the year 2011, we expect to:

- Continue to take advantage of this new technology with an aggressive exploration and production program with a budget that is increasing 9% over the previous year to $357 million.
- Build five new high tech rigs and continue to refurbish existing rigs to make them the most efficient for horizontal drilling. As many as 20 of our drilling rigs are good candidates for refurbishment.
- Benefit from processing plant investments and continue to grow our capacity in our midstream segment.

Of course, our ability to be successful during these transitions depends on our people. Over the history of the company, our employees have enabled us to expand our operations to meet market demands. Now, as the market has shifted, these same employees are using their expertise and insight to help us take advantage of new opportunities. I thank them for their hard work.

As investors and potential investors in Unit Corporation, I invite you to join us during this exciting time in our industry.

Larry D. Pinkston
Chief Executive Officer and *President*

February 22, 2011


There is an increasing
DEMAND FOR OUR RIGS,
right in
OUR OWN BACK YARD.

OUR CONTRACT DRILLING OPERATIONS

The shift from natural gas exploration to oil and liquids-rich gas exploration continues to have an impact on our contract drilling operations. We've been responding to this shift, and as a result, our activities have increased. We plan to continue this momentum during 2011.

In 2010, our drilling revenues increased 34% to $316.4 million, while average day rates for the year decreased 7% to $15,478 per day. Contract drilling operating margins remained unchanged at 41%. The average quarterly day rate since the first quarter of 2010 increased at a rate of 5% between quarters, and operating margins improved 123% between the first quarter and the fourth quarter of the year.

We averaged operating 61.4 drilling rigs during 2010, an increase of 58% from 38.9 during 2009. The fourth quarter of 2010 was the sixth consecutive quarter in which we increased the average number of our working drilling rigs over the previous quarter.

As of this report, we have a total of 72 of our 121 drilling rigs contracted. The majority of the increased demand has been in the horizontal drilling market, which requires rigs in the 750 to 1,700 horsepower range. We currently have 78 drilling rigs within this range.

Our contract drilling segment has entered into agreements to build five new 1,500 horsepower, diesel-electric drilling rigs in 2011. All five rigs are under long-term contracts. Two of the drilling rigs are anticipated to be completed during the first quarter of 2011, and the remaining three sometime during the third quarter of 2011. On completion of these new drilling rigs, our fleet will have 126 drilling rigs.

As demand for horizontal drilling increases in 2011, we will continue to add new drilling rigs to meet that demand, and we will continue to refurbish and upgrade additional drilling rigs in the fleet targeted toward horizontal drilling activity. We have approximately 20 drilling rigs in our fleet that are candidates for upgrades.

Our 2011 capital expenditure budget for this segment is currently $143 million—a 20% increase over the previous year. The majority will be spent on the five new drilling rigs and refurbishing others to allow them to compete in the horizontal drilling market.

The market continues to recover, and there is an increasing demand for our drilling rigs right in our own backyard. We're excited about the shift in demand and are in a great position to take advantage of the upswing in activity.

OUR OIL AND NATURAL GAS OPERATIONS

Our strategy of shifting our focus to oil and liquids-rich gas is a solid one and has laid the foundation for ongoing opportunities in 2011 and beyond.

At the end of 2010, our total proved reserves were a record 622.2 Bcfe, consisting of 17.5 million barrels of oil, 16.1 million barrels of natural gas liquids (NGL) and 420.5 Bcf of natural gas—an 8% equivalent Bcf increase.

While our total proved oil and gas reserves at the end of 2010 increased 8% over 2009, it is important to highlight the percentage change for each commodity between the comparative years. Our oil and NGLs reserves increased 50% and 10%, respectively, while our natural gas reserves were essentially unchanged. This change in the makeup of our reserves is a direct result of our strategy beginning in 2009 to focus on exploring for oil and NGLs.

We replaced 176% of our 2010 production with 158% through the drill bit.

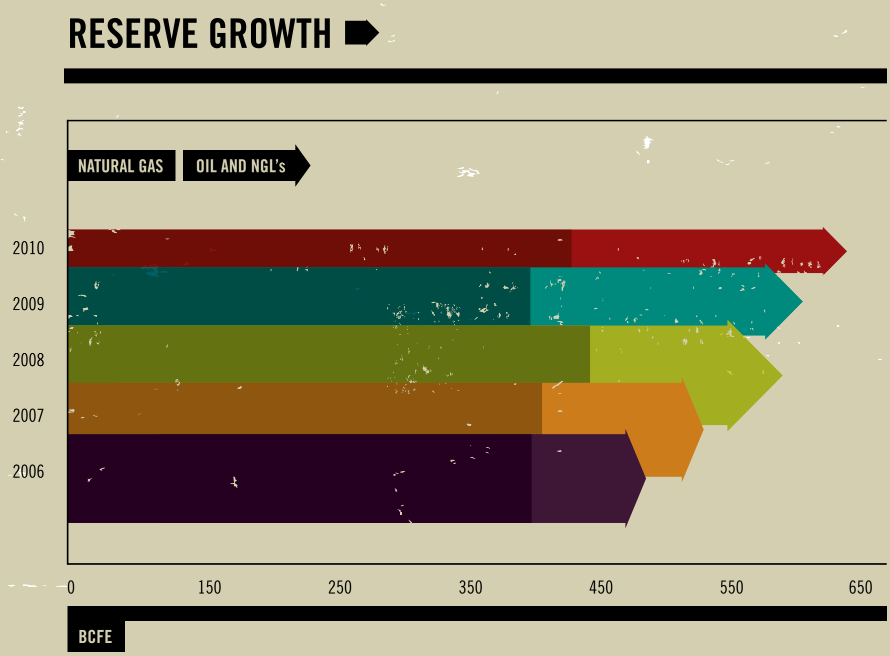
Fourth quarter 2010 equivalent production totaled 16.2 Bcfe, up 13% from the fourth quarter of 2009 and up 8% from the third quarter of 2010. Of the total, we produced 10.6 Bcf of natural gas, essentially unchanged from the 2009 comparable quarter; 519,000 barrels of oil, a 76% increase; and 406,000 barrels of NGLs, a 17% increase. Total equivalent production for all of 2010 decreased 3% from 2009 to 59.2 Bcfe. Of the total, we produced 40.8 Bcf of natural gas, an 8% decrease; 1.5 million barrels of oil, an 18% increase; and 1.5 million barrels of NGLs, a 4% increase.

Our 2010 oil and natural gas revenues increased 12% to $400.8 million. The price we received for our natural gas averaged $5.62 per Mcf, a 1% increase over 2009, while our average oil price increased 23% to $69.52 per barrel. Our NGL price averaged $37.04 per barrel, up 62% from 2009.

For this segment, our current capital expenditure budget for 2011 is $415 million, with $357 million allocated for exploration and development drilling. For 2011, our preliminary annual production guidance is approximately 66 to 68 billion cubic feet equivalent (Bcfe), an increase of 11-15% over 2010.

In our Granite Wash (GW) play located in the Texas Panhandle, we expect to average between three to four company rigs drilling in 2011, which equates to approximately 22 operated GW wells at an approximate net cost of $82 million. In addition, we anticipate that we will participate in approximately 16 outside-operated GW horizontal wells at an approximate net cost of $14 million.

In our Marmaton horizontal oil play located in Beaver County, Oklahoma, we anticipate running a two-drilling rig program that should result in 30 to 35 gross wells at an approximate net cost of $52 million. We currently have leases on approximately 60,000 net acres in this play.



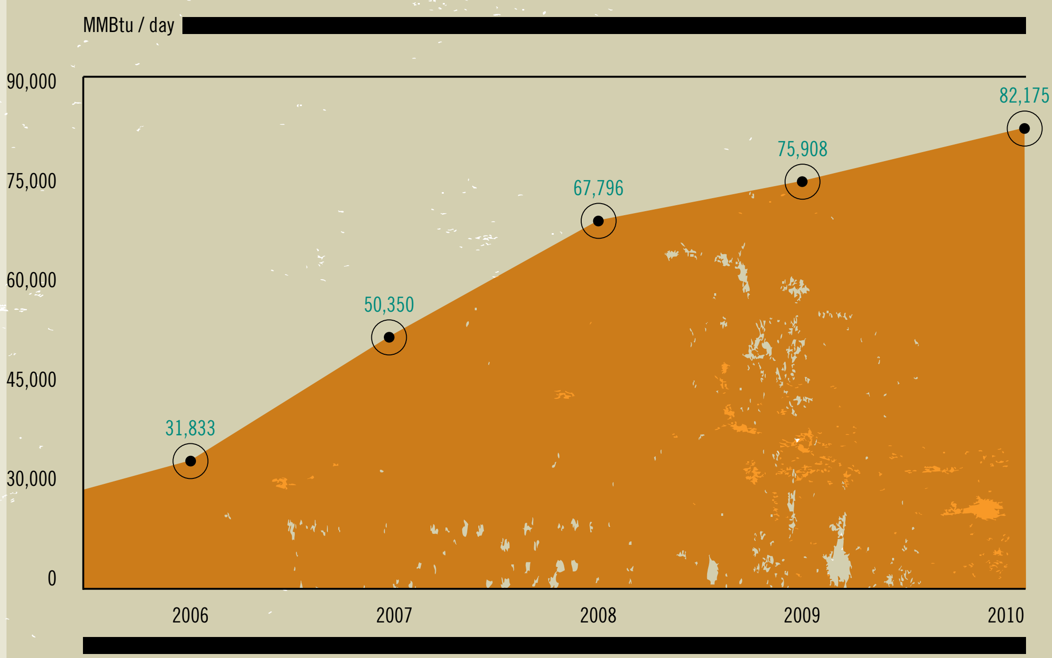
Our Segno Wilcox play located in Southeast Texas continues to grow. We expanded our prospect area to the south by entering into a joint exploration agreement with a third party that allowed us access to the use of a proprietary 3-D seismic survey covering approximately 151 square miles. For 2011, we plan to drill approximately 20 gross wells with an approximate working interest of 80%, for an estimated $54 million. We own approximately 57,000 gross and 48,000 net acres in this play.

In our Bakken play located in North Dakota, for 2011, we anticipate participating in approximately 25 gross wells with an average working interest of 15% at a total cost of approximately $30 million. We own approximately 12,750 net acres in the play and anticipate two or three rigs drilling on the leasehold during 2011.

By focusing on oil and rich natural gas, this transition allows us to take advantage of the strengths of our existing assets. Our ability to develop prospects in our own backyard creates a promising investment opportunity.

Midstream is A SOLID PERFORMER *well positioned to* TAKE ADVANTAGE OF THE EXISTING MARKET.

NATURAL GAS PROCESSED



OUR MID-STREAM OPERATIONS

Our midstream operations had a year of solid performance. Serving a strong customer base of mostly independent producers, these operations are located in Oklahoma, Texas, Kansas, Pennsylvania and West Virginia.

Revenues for our midstream operations increased 42% in 2010 to $154.5 million. During the year, the natural gas liquids we sold increased 11% over 2009 to 271,360 gallons per day, while our processed natural gas volumes increased 8% to 82,175 MMBtu per day. Our natural gas volumes gathered were essentially unchanged from 2009 at 183,867 MMBtu per day.

For 2011, we have budgeted capital expenditures of $47 million.

Our midstream segment continues to increase total throughput volumes as well as processed volumes and liquids sales. During the fourth quarter of 2010, we completed the installation and startup of the Lone Tree Gas Processing Plant located in Hemphill County, Texas. The Lone Tree Plant is a turbo expander plant with processing capacity of 50 MMcf per day. The completion of the Lone Tree Plant increases the capacity of our Hemphill Processing Complex to 100 MMcf per day, with run rates expected at 75 to 80 MMcf per day by the middle of the second quarter. Within the last seven years, this complex has expanded to include four processing plants and 130 miles of associated gathering lines in the Granite Wash trend of Hemphill and Roberts Counties, Texas.

In addition to the activities in the midcontinent area, we are expanding operations into the Appalachian region. Currently, we are constructing a 16-mile, 16-inch pipeline and related compressor station in Preston County, West Virginia. Upon completion of this project, the pipeline will be able to deliver up to 220 MMcf per day into Columbia Gas transmission. This pipeline project is on schedule to be completed by mid-2011. In addition to the Preston County construction project, we are continuing to evaluate other possible projects in various basins throughout the country.

Opportunities in our midstream processing operations are being positively affected by the shift toward oil and rich gas. We are well-positioned to capitalize on the increased emphasis on drilling for rich gas.

Year Ended December 31,	2010	2009	2008	2007	2006
(Dollars and shares in thousands except per share and average price amounts)					
Statement of Operations Data:					
Revenues:					
Contract drilling	$ 316,384	$ 236,315	$ 622,727	$ 627,642	$ 699,396
Oil and natural gas	400,807	357,879	553,998	391,480	357,599
Gas gathering and processing	154,516	108,628	181,730	138,595	101,863
Other revenues	10,138	7,076	(362)	1,037	3,527
Total revenues	$ 881,845	$ 709,898	$ 1,358,093	$ 1,158,754	$ 1,162,385
Net income (loss)	$ 146,484	$ (55,500)(1)	$ 143,625(2)	$ 266,258	$ 312,177
Net income (loss) per common share:					
Basic	$ 3.10	$ (1.18)	$ 3.08	$ 5.74	$ 6.75
Diluted	$ 3.09	$ (1.18)	$ 3.06	$ 5.71	$ 6.72
Shares outstanding:					
Basic	47,278	46,990	46,586	46,366	46,228
Diluted	47,454	46,990	46,909	46,653	46,451
Balance Sheet Data:					
Total assets	$ 2,669,240	$ 2,228,399	$ 2,581,866	$ 2,199,819	$ 1,874,096
Other long-term liabilities	$ 92,389	$ 81,126	$ 75,807	$ 59,115	$ 55,741
Long-term debt	$ 163,000	$ 30,000	$ 199,500	$ 120,600	$ 174,300
Total debt-to-book capital ratio	9%	2%	11%	8%	13%
Shareholders' equity	$ 1,710,617	$ 1,565,810	$ 1,633,099	$ 1,434,817	$ 1,158,036
Statement of Cash Flows Data:					
Net cash provided by operating activities	$ 390,072	$ 490,475	$ 689,913	$ 577,571	$ 506,702
Capital expenditures, including acquisitions (cash basis)	$ 576,653	$ 316,660	$ 808,161	$ 517,450	$ 546,343

(1) Included in the results is a $281.2 million ($175.1 million after tax, or $3.70 per diluted share) non-cash ceiling test write down that occurred in the first quarter.
(2) Included in the results is a $282.0 million ($175.5 million after tax, or $3.74 per diluted share) non-cash ceiling test write down that occurred in the fourth quarter.

Year Ended December 31,	2010	2009	2008	2007	2006
(Dollars and shares in thousands except per share and average price amounts)					
Contract Drilling Operations Data:					
Number of rigs at year end	121	130	132	129	117
Wells drilled	593	409	1,028	996	1,033
Total footage drilled (feet in 1,000's)	7,961	4,627	11,734	10,453	11,461
Average number of rigs used	61.4	38.9	103.1	99.4	109.0
Average use	50%	30%	79%	80%	96%
Oil and Natural Gas Operations Data:					
Proved oil and natural gas reserves discounted at 10% (before income taxes)	$ 1,284,925	$ 775,358	$ 892,559	$ 1,481,604	$ 984,123
Proved oil and natural gas reserves discounted at 10% (after income taxes)	$ 855,086	$ 546,335	$ 624,474	$ 990,331	$ 684,895
Total estimated proved reserves:					
Natural gas (MMcf)	420,486	419,061	450,135	419,616	406,400
Oil (MBbl)	17,494	11,669	9,699	9,676	9,357
Natural Gas Liquids (MBbl)	16,117	14,653	10,171	6,149	2,226
Equivalent (MMcfe)	622,152	576,990	569,353	514,569	475,899
Production:					
Natural gas (MMcf)	40,756	44,063	47,473	43,464	44,169
Oil (MBbl)	1,521	1,286	1,261	1,091	1,012
Natural Gas Liquids (MBbl)	1,549	1,488	1,388	785	441
Equivalent (MMcfe)	59,176	60,709	63,368	54,720	52,889
Average price:					
Natural gas (per Mcf)	$ 5.62	$ 5.59	$ 7.62	$ 6.30	$ 6.17
Oil (per Bbl)	$ 69.52	$ 56.33	$ 93.87	$ 70.61	$ 63.39
Natural Gas Liquids (per Bbl)	$ 37.04	$ 22.81	$ 47.42	$ 45.03	$ 36.08
Equivalent (Mcfe)	$ 6.63	$ 5.81	$ 8.62	$ 7.06	$ 6.66
Gross operated wells	1,573	1,518	1,523	1,409	1,369
Wells drilled	167	95	278	253	244
Wells completed	151	89	245	220	216
Success rate	90%	94%	88%	87%	89%

Oil and natural gas wells producing or capable of producing at end of year:	2010		2009		2008		2007		2006	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Natural gas	5,180	1,225.42	5,048	1,160.98	5,015	1,151.84	4,855	1,077.38	4,659	1,007.8
Oil	2,656	415.48	2,655	409.33	2,665	418.27	2,612	392.99	2,784	492.9
Total	**7,836**	**1,640.90**	**7,703**	**1,570.31**	**7,680**	**1,570.11**	**7,467**	**1,470.37**	**7,443**	**1,500.7**

Mid-Stream Operations Data:	2010	2009	2008	2007	2006
Natural gas gathered (MMBtu/day)	183,867	183,989	197,367	219,635	247,537
Natural gas processed (MMBtu/day)	82,175	75,908	67,796	50,350	31,833
Liquids sold (gallons/day)	271,360	243,492	195,837	129,421	66,902

From OUR STREET to Wall Street

Unit Corporation's deep roots in Oklahoma and Texas provided the solid foundation for a company that has weathered transitions in technology, methodology and markets.

It is fitting that recent industry changes that include horizontal drilling and multi-stage fracture stimulation are bringing us "home" to fields in the Texas/Oklahoma panhandle that were once thought depleted. Our spirit of innovation and our ability to adjust to change are some of the reasons we have been a solid financial performer.

In recognition of our 30 years of listing on the NYSE, Unit Corporation executives and board members have been extended an invitation to "ring the closing bell" on the floor of the exchange during the fall of 2011. From our back yard, to Main Street mid-America to Wall Street, Unit Corporation represents the oil and gas industry with pride.

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 2010, our average daily trading volume on the NYSE was 217,608 shares. Approximately 47.9 million shares were outstanding at the end of 2010.

Shareholder Profile

We had 1,155 shareholders of record at year-end 2010.

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:

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7130 South Lewis Avenue, Suite 1000
Tulsa, Oklahoma 74136
918.493.7700

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
Tulsa, Oklahoma

Independent Petroleum Engineers

Ryder Scott Company, L.P.
Houston, Texas

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