UNIT CORP
Form 11-K
June 25, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK
REPURCHASE, SAVINGS AND SIMILAR PLANS
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One):

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

or

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

For the Transition Period from _______ to ________

Commission file number 333-137857

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Unit Corporation Employees' Thrift Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Unit Corporation
7130 South Lewis, Suite 1000
Tulsa, Oklahoma 74136

Unit Corporation
Employees' Thrift Plan
Financial Statements and Supplemental Schedule
December 31, 2009 and 2008

Unit Corporation
Employees' Thrift Plan
Index

* Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for the Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (“ERISA”) have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the
Unit Corporation Employees' Thrift Plan:

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Unit Corporation Employees' Thrift Plan (the "Plan") at December 31, 2009 and 2008, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

Tulsa, Oklahoma
June 25, 2010

Unit Corporation
Employees' Thrift Plan
Statements of Net Assets Available for Benefits
December 31, 2009 and 2008

	2009	2008
ASSETS		
Investments, at fair value		
Common stock of Unit Corporation	$ 23,075,792	$ 13,563,695
Mutual funds	27,653,541	22,352,592
Guaranteed investment contract	9,238,101	7,797,567
Participant loans	17,172	208,427
Total investments at fair value	59,984,606	43,922,281
Receivables		
Employer contributions	3,509,139	5,092,712
Employee contributions	142,707	165,348
Total receivables	3,651,846	5,258,060
Net assets available for benefits, at fair value	63,636,452	49,180,341
Adjustment from fair value to contract value for fully benefit-responsive investment contract	486,215	410,398
Net assets available for benefits	$ 64,122,667	$ 49,590,739

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

Unit Corporation
Employees' Thrift Plan
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2009 and 2008

	2009	2008
Investment income (loss)		
Interest and dividend income	$ 449,418	$ 1,142,826
Net appreciation (depreciation) in fair value of investments	15,577,895	(20,436,096)
Other income	156	—
Total investment income (loss)	16,027,469	(19,293,270)
Contributions		
Employer, net of forfeitures	3,494,676	5,092,712
Employee	4,350,426	6,135,034
Rollovers	107,068	223,786
Total contributions	7,952,170	11,451,532
Deductions		
Distributions	(9,443,824)	(5,270,125)
Administrative expenses	(3,887)	(2,139)
Total deductions	(9,447,711)	(5,272,264)
Net increase (decrease) in assets available for benefits	14,531,928	(13,114,002)
Net assets available for benefits		
Beginning of the year	49,590,739	62,704,741
End of the year	$ 64,122,667	$ 49,590,739

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

Unit Corporation
Employees' Thrift Plan
Notes to Financial Statements
December 31, 2009 and 2008

1. Description of Plan

The following description of the Unit Corporation Employees' Thrift Plan (the "Plan") provides only general information. Participants should refer to the Plan for a more complete description of the Plan's provisions.

General and Eligibility
The Plan is a defined contribution plan covering all eligible employees of Unit Corporation and its subsidiaries (the "Company"), the Plan sponsor. Principal Trust Company, an affiliate of Principal Financial Group (collectively "Principal"), serves as trustee and the record keeper for the Plan under a trust agreement dated January 1, 2006. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The Plan allows participation on the first day of any month immediately upon the attainment of age 18 and completion of three months of service.

Contributions
The Plan allows participants to contribute up to 99% of their total monthly compensation (including overtime pay, bonuses and other extraordinary compensation), subject to certain limitations ($16,500 in 2009 and $15,500 in 2008). Participants who are age 50 and above may also elect to make "catch-up" contributions, limited to $5,500 for 2009 and $5,000 in 2008. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans ("Rollovers").

The Company may contribute to the Plan a specified percentage of participant contributions as determined by the Board of Directors. The Company's contribution may be in the form of cash or shares of the Company's common stock. For each of 2009 and 2008, the Company's contribution equaled 117% of 6% of a participant's compensation. The Company's matching contributions of $3,509,139 and $5,092,712 for 2009 and 2008, respectively, were made in shares of the Company's common stock. The Company may also contribute an additional amount from its net profits and accumulated net profits as determined from time to time by the Board of Directors. There were no such contributions in 2009 or 2008. The allocation of this contribution is also at the discretion of the Board of Directors.

Participants' Accounts
Each participant's account is credited with the parti−−cipant's contributions and an allocation of the Company's contributions, if any, and investment income (loss).

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Vesting
Participants are immediately vested in all contributions including employer contributions, plus actual earnings on those contributions.

Payment of Benefits
The normal retirement age under the terms of the Plan is age 62. Participants may generally elect the form of payment from several options, including a lump sum payment, installment payments over a specified number of years not to exceed the participant's remaining life expectancy, or by transferring to another individual retirement plan, account or contract which is an eligible retirement plan under Section 402(c)(1)(B) of the Internal Revenue Code.

The participant's account balance is retained in the Plan until the participant requests a payment due to termination, death, disability or retirement. At the Plan administrative committee's discretion and with the terminated participant's consent, payment of such vested benefits may be made at an earlier date.

Withdrawals
Participants may withdraw their salary reduction contributions only on termination of employment, attainment of age 59-1/2 or normal retirement age, or a limited hardship ruling which has been authorized by the Plan administrative committee. The vested portion of Company contributions may be withdrawn only on termination of employment or attainment of age 59-1/2.

Participant Loans
Except for loans outstanding in plans that are merged into the Plan, the Plan does not provide for loans to participants. Interest rates on loans outstanding at December 31, 2009 ranged from 9.50% to 10.25% with loans maturing at various dates through June of 2012.

Investment Options
During 2009 and 2008, the Plan allowed participant contributions to be invested (at the election of the participants) into one or more of a number of available investment options.

The Unit Corporation common stock fund, consisting solely of Unit Corporation common stock, includes elective contributions from the participants as well as matching Company contributions made in Company common stock. All Company matching contributions made in shares of Company common stock are initially directed into the Unit Corporation Common Stock Fund. Once the common stock has been allocated to a participant’s account, the participant may sell the common stock and allocate the proceeds to other investment options.

2. Summary of Significant Accounting Policies

Basis of Presentation
The accompanying financial statements of the Plan are presented on the accrual method of accounting.

Payment of Benefits
Distributions are recorded when paid to participants.

Unit Corporation
Employees' Thrift Plan
Notes to Financial Statements
December 31, 2009 and 2008

New Accounting Pronouncements

The FASB Accounting Standards Codification. FASB Accounting Standards Codification (ASC) became effective during the third quarter of 2009. ASC 105, Generally Accepted Accounting Principles, (guidance formerly reflected in FAS168) established the ASC as the single source of authoritative U.S. generally accepted accounting principles (U.S. GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. The ASC supersedes all existing non-SEC accounting and reporting standards. All other nongrandfathered non-SEC accounting literature not included in the ASC will become nonauthoritative. Following ASC 105, the FASB will not issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts. Instead, the FASB will issue Accounting Standards Updates, which will serve only to: (a) update the ASC; (b) provide background information about the guidance; and (c) provide the basis for conclusions on the change(s) in the ASC. The adoption of this standard has changed how we reference various elements of U.S. GAAP in our financial statement disclosures, but has no impact on our statement of net assets available for benefits or the statement of changes of net assets available for benefits.

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, 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 will not have a significant impact on us due to it only requiring enhanced disclosures.

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Unit Corporation
Employees' Thrift Plan
Notes to Financial Statements
December 31, 2009 and 2008

Investment Valuation and Income Recognition
Investments in Unit Corporation common stock are stated at current market value as established by quoted market prices on the New York Stock Exchange. Registered open-ended mutual funds held by the Plan at year end are valued at quoted net asset value. Participant loans are valued at outstanding principal balances, plus accrued interest, which approximates fair value.

Effective January 1, 2006, the Plan entered into a benefit-responsive investment contract with Principal. Principal maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at the contract value. However, the Company will be assessed a penalty of 5% of the contract value if it were to discontinue the investment contract without a 12-month notification to Principal. Under the FSP AAG INV-1 and ASC 962-325, Reporting of Fully Benefit-Responsive Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans, this investment is presented at fair value in the table of investments held by the Plan representing 5% or more of the Plan's net assets (Note 4) and at fair value with an adjustment to contract value in the Statement of Net Assets Available for Benefits. Contract value is equal to the principal balance plus accrued interest. Fair value is the amount plan sponsors would receive currently if they were to withdraw or transfer funds within the Plan prior to their maturity. This fair value represents contract value times 95% (one minus a 5% withdrawal charge). There are no reserves against the contract value for credit risk of the contract issuer or otherwise. The crediting interest rates are reset every January 1 and July 1 as determined by Principal, and were 3.50% and 3.15% for interest rate periods January 1, 2009 through June 30, 2009 and July 1, 2009 through December 31, 2009, respectively, compared to an interest rate of 3.15% and 3.50% for interest rate periods January 1, 2008 through June 30, 2008 and July 1, 2008 through December 31, 2008, respectively. The average yield for 2009 was 3.41% compared to 3.26% in 2008.

The Plan presents in the statements of changes in net assets, the net appreciation (depreciation) in the fair value of its investments which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

Administrative Expenses
The Company bears the majority of costs of administering the Plan and those expenses are not reflected in the accompanying financial statements.

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Unit Corporation
Employees' Thrift Plan
Notes to Financial Statements
December 31, 2009 and 2008

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets available for benefits and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

3. Plan Termination

Although it has expressed no intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participant account balances will be distributed to participants in accordance with the terms of the Plan.

4. Investments

All investments are held by the Plan trustee on behalf of the Plan under a trust agreement. Investments representing 5% or more of the Plan's net assets are as follows:

	Shares (#)	Fair Value
December 31, 2009		
Mutual funds		
Principal Global Investors Lifetime 2030 Sel Fund	361,130	$ 3,687,140
Neuberger & Berman Genesis Trust Fund	102,959	4,041,138
PIMCO Total Return Fund	417,499	4,508,993
Guaranteed investment contract - Principal Fixed Income 401(A)/(K)	649,354	9,238,101*
Common stock of Unit Corporation	542,960	23,075,792

* Contract value is $9,724,316

	Shares (#)	Fair Value
December 31, 2008		
Mutual funds		
Principal Global Investors Lifetime 2030 Sel Fund	404,435	$ 3,284,016
Columbus Circle Investors Large Cap Sel Fund	471,531	2,598,159
Neuberger & Berman Genesis Trust Fund	115,870	3,602,409
PIMCO Total Return Fund	340,047	3,448,073
Guaranteed investment contract - Principal		

Fixed Income 401(A)/(K)	566,313	7,797,567 **
Common stock of Unit Corporation	507,623	13,563,695

** Contract value is $8,207,965

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Unit Corporation
Employees' Thrift Plan
Notes to Financial Statements
December 31, 2009 and 2008

During 2009 and 2008, the Plan's investments (including gains or losses on investments purchased and sold as well as held during the year) appreciated (depreciated) in value as follows:

	2009	2008
Mutual funds	$ 5,262,570	$ (13,038,531)
Investment contract	314,969	254,193
Common stock	10,000,356	(7,651,758)
Net appreciation (depreciation) in fair value of investments	$ 15,577,895	$ (20,436,096)

5. Income Tax Status

A favorable determination affirming the continuation of qualification of the Plan under Section 401 of the Internal Revenue Code and the tax exempt status of the Trust under Section 501 from the Internal Revenue Service was received on March 29, 2010. Therefore, no provision for income taxes has been included in the Plan's financial statements.

6. Risks and Uncertainties

The Plan provides for various investment options in any combination of stock, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will continue to occur and that such changes could materially affect participants' account balances and the amounts reported in the Statement of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

7. Related Party Transactions

Certain Plan investments are mutual funds and the investment contract managed by Principal. Principal is the custodian as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. Participant loans are also considered party-in-interest transactions. There were no fees paid by the Plan for the investment management services for the years ended December 31, 2009 and 2008.

Additionally, certain Plan investments are shares of Unit Corporation common stock. These transactions represent investments in the Company and, therefore, qualify as party-in-interest transactions. The fair value of this investment totaled

$23,075,792 and $13,563,695 at December 31, 2009 and 2008, respectively. Purchases and sales of Company common stock totaled $10,514,849 and $12,586,680 in 2009, respectively, and totaled $20,700,839 and $18,361,350 in 2008, respectively.

Unit Corporation
Employees' Thrift Plan
Notes to Financial Statements
December 31, 2009 and 2008

8. Fair Value Measurements

ASC 820 (formerly FAS 157) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, the Plan’s assets at fair value as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 27,653,541	$ —	$ —	$ 27,653,541
Common stock	23,075,792	—	—	23,075,792
Investment contract	—	—	9,238,101	9,238,101
Participant loans	—	—	17,172	17,172
	$ 50,729,333	$ —	$ 9,255,273	$ 59,984,606

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Unit Corporation
Employees' Thrift Plan
Notes to Financial Statements
December 31, 2009 and 2008

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2008:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 22,352,592	$ —	$ —	$ 22,352,592
Common stock	13,563,695	—	—	13,563,695
Investment contract	—	—	7,797,567	7,797,567
Participant loans	—	—	208,427	208,427
	$ 35,916,287	$ —	$ 8,005,994	$ 43,922,281

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2009 and 2008:

	Level 3 Assets			
	Year Ended December 31, 2009		Year Ended December 31, 2008	
	Investment Contract	Participant Loans	Investment Contract	Participant Loans
Balance, beginning of year	$ 7,797,567	$ 208,427	$ 5,421,852	$ 319,679*
Realized gains (losses)	—	—	—	—
Unrealized gains (losses) related to instruments still held at the reporting date	(75,817)	—	(125,037)	—
Purchases, sales, issuances and settlements (net)	1,516,351	(191,255)	2,500,752	(111,252)
Balance, end of year	$ 9,238,101	$ 17,172	$ 7,797,567	$ 208,427

* Includes $316,819 of loans transferred to the Plan effective December 31, 2007 related to the merger of the LHD Employee Savings Trust Plan.

The valuation methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Unit Corporation
Employees' Thrift Plan
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
December 31, 2009

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment	(d) Cost	(e) Current Value
	Capital Research and Management AM Fds Grth Fd of AM F3 Fund	Mutual Fund	$ —	$ 789,030
	Columbus Circle Investors Large Cap Sel Fund	Mutual Fund	—	2,615,343
	Dodge & Cox Balanced International Stock Fund	Mutual Fund	—	2,005,267
	Dreyfus Bond Market Index Investor Fund	Mutual Fund	—	732,108
	Eaton Vance Large Cap Value A Fund	Mutual Fund	—	706,890
	Fidelity Adv Small Cap T Fund	Mutual Fund	—	1,062,063
	Goldman Sachs Assets Management MidCap Val Sel Fund	Mutual Fund	—	907,275
	Janus Enterprise S Fund	Mutual Fund	—	274,844
	Neuberger & Berman Genesis Trust Fund	Mutual Fund	—	4,041,138
	Neuberger & Berman Partners Trust Fund	Mutual Fund	—	1,830,018
	PIMCO Total Return Fund	Mutual Fund	—	4,508,993
*	Principal Global Investors Lifetime Strategic Income Sel Fund	Mutual Fund	—	172,594
*	Principal Global Investors Lifetime 2010 Sel Fund	Mutual Fund	—	220,320
*	Principal Global Investors Lifetime 2020 Sel Fund	Mutual Fund	—	626,022
*	Principal Global Investors Lifetime 2030 Sel Fund	Mutual Fund	—	3,687,140
*	Principal Global Investors Lifetime 2040 Sel Fund	Mutual Fund	—	438,145
*	Principal Global Investors Lifetime 2050 Sel Fund	Mutual Fund	—	364,901

* Principal Global Investors SmallCap Value Sel Fund	Mutual Fund	—	650,620
* Principal Global Investors S&P 400 Index	Mutual Fund	—	951,936
* Principal Global Investors S&P 500 Index	Mutual Fund	—	70,502
* Principal Global Investors S&P 600 Index	Mutual Fund	—	998,392
* Principal Fixed Income 401(A)/(K)	Guaranteed Investment Contract	—	9,238,101
* Unit Corporation	Common Stock, $0.20 par value	—	23,075,792
* Participant loans	Interest rate of 9.50% through 10.25% with the final loan maturing in June 2012	—	17,172
Total			$ 59,984,606

* Represents investments which qualify as party-in-interest as described in Note 1.

Column (d) cost information is not applicable for participant-directed investments.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

UNIT CORPORATION EMPLOYEES' THRIFT PLAN

Unit Corporation as Administrator of the Plan

By: /s/ Mark E. Schell Date: June 25, 2010
Mark E. Schell
Senior Vice President,
General Counsel and Secretary

EXHIBIT INDEX

Exhibit Number

23.1 Consent of Independent Registered Public Accounting Firm