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UNIT CORP
Form 8-K/A
December 09, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 2 TO CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 15, 2002

UNIT CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Oklahoma	1-9260	73-1283193
(State of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1000 Kensington Tower, Suite 1000
Tulsa, Oklahoma 74136
(ADDRESS OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

918/493-7700
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

(Not Applicable)
(FORMER NAME OR FORMER ADDRESS, IF CHANGED SINCE LAST REPORT)

The undersigned hereby amends its Form 8-K filed August 27, 2002 to include the related pro forma financial information for the twelve months ended December 31, 2002.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of Business Acquired

Provided in the original Amended Form 8-K/A filed on
September 20, 2002.

(b) Pro Forma Financial Information

Pro Forma Financial Information

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This Report

Unaudited Pro Forma Consolidated Condensed
Statement of Operations for the Twelve Months
Ended December 31, 2002 P-1

Notes to Unaudited Pro Forma Consolidated
Condensed Statement of Operations P-2

Signatures. P-5

(a) Financial Statements of Business Acquired

(b) Pro Forma Financial Information

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Taxes	27,796	(5,832)	1,205	23,169
	-----	-----	-----	-----
Income Tax Expense (Benefit)	9,552	(2,161)	458 (d)	7,849
	-----	-----	-----	-----
Net Income (Loss)	\$ 18,244	\$ (3,671)	\$ 747	\$ 15,320
	=====	=====	=====	=====
Net Income Per Common				
Share (Note 4):				
Basic	\$ 0.47			\$ 0.35
	=====			=====
Diluted	\$ 0.47			\$ 0.35
	=====			=====

The accompanying notes are an integral part of the unaudited pro forma consolidated condensed statement of operations.

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UNIT CORPORATION AND SUBSIDIARIES NOTES TO UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS

NOTE 1 - THE ACQUISITION

On August 15, 2002, Unit Corporation completed the acquisition of CREC Rig Acquisition Company LLC and CDC Drilling Company (combined "CDC"). Both of the acquisitions were stock purchase transactions. Under the terms of these transactions (the "CDC Acquisition"), Unit issued 6,819,748 shares of common stock and paid \$3,813,053 for all the outstanding shares of CREC Rig Acquisition Company LLC and issued 400,252 shares of common stock and paid \$686,947 for all the outstanding shares of CDC Drilling Company. The consideration paid in both transactions was determined through arms-length negotiations between the parties.

The calculation and allocation of the total consideration paid for the acquisition are as follows (in thousands):

Calculation of Consideration Paid:

Unit Corporation common stock	
(7,220,000 shares at \$16.96556 per share)	\$ 122,491
Cash	4,500

Total consideration	\$ 126,991
	=====

Allocation of Total Consideration Paid:

Equipment	\$ 117,130
Deferred tax asset	2,155

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Goodwill	7,706

Total consideration	\$ 126,991
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NOTE 2 - BASIS OF PRESENTATION

The accompanying unaudited Pro Forma Consolidated Condensed Statement of Operations are presented to reflect the consummation of the CDC Acquisition. The unaudited Pro Forma Consolidated Condensed Statements of Operations are presented as if the acquisition occurred on January 1, 2002 and may not be indicative of the results that would have occurred if the acquisition had been effective on the date indicated or of the results that may be obtained in the future. Since CDC had a fiscal year end of June 30, CDC's Combined results of operations for the twelve months ended December 31, 2002 were derived from unaudited information for the seven months and fourteen days ended August 14, 2002. The accompanying unaudited pro forma consolidated condensed statement of operations should be read in conjunction with the historical financial statements and notes to financial statements of both Unit Corporation and CDC Drilling Company.

NOTE 3 - PRO FORMA ADJUSTMENTS

The accompanying unaudited Pro Forma Consolidated Condensed Statement of Operations include the following adjustments:

- (a) Adjustments were made to reduce general and administrative expense for amounts CDC was billed for services provided by Kaiser-Francis for management and administrative functions, including accounting, data processing and human resources administration. Employees already working in the same capacity for Unit's existing rig fleet will provide these services. The remaining directly related general and administrative expense was reclassified to drilling operating expense to conform with Unit Corporation's financial statements.
- (b) Adjustment provides depreciation expense computed on the \$117,130,000 fair market value of the acquired assets. Depreciation and amortization of drilling equipment was calculated using the units-of-production method based on a useful life of 15 years for the acquired rigs, including a minimum provision of 20 percent of the active depreciation rate when the equipment is idle. Depreciation for drill pipe and drill collars was calculated using the composite method, which calculates depreciation by footage actually drilled compared to total estimated remaining

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footage. Depreciation of other property and equipment was computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years.

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UNIT CORPORATION AND SUBSIDIARIES NOTES TO UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS - CONTINUED

- (c) Interest expense was adjusted to reflect the interest on the \$4.5 million in additional long-term debt incurred in the acquisition less the debt on note payable to shareholder.
- (d) The adjustment to income tax expense represents the increase in taxes associated with the pro forma adjustments based on the statutory (federal and state) tax rate.

NOTE 4 - NET INCOME PER COMMON SHARE

The following data shows the amounts used in computing earnings per share.

	For the Twelve Months Ended December 31, 2002		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	WEIGHTED PER-SHARE AMOUNT
Basic Earnings per Common Share	\$ 18,244,000	38,844,000	
Effect of Pro Forma Adjustments	(2,924,000)	4,470,000	
Basic Pro Forma Earnings per Common Share	15,320,000	43,314,000	\$ 0.35
Effect of Dilutive Stock Options	-	268,000	
Diluted Pro Forma Earnings per Common Share	\$ 15,320,000	43,582,000	\$ 0.35

Options to purchase 198,500 shares of common stock at an average price of \$19.01 were excluded from the computation of diluted pro forma earnings per share because the option exercise prices were greater than the average market price on common shares for the twelve months ended December 31, 2002.

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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 hereunto duly authorized.

UNIT CORPORATION

Dated: December 9, 2003

By: /s/ MARK E. SCHELL

Mark E. Schell
Senior Vice President

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