

CONTINENTAL RESOURCES, INC  
Form DEF 14A  
April 10, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

**CONTINENTAL RESOURCES, INC.**

**(Name of Registrant as Specified In Its Charter)**

**NOT APPLICABLE**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

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(1) Title of each class of securities to which transaction applies:

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(4) Date Filed: \_\_\_\_\_  
\_\_\_\_\_

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**Invitation to 2013 Annual Meeting of Shareholders**

**DATE: Thursday, May 23, 2013**  
**TIME: 10:00 a.m. Central Daylight Time**  
**PLACE: Cox Convention Center, Meeting Room A/B**

**1 Myriad Gardens, Oklahoma City, OK 73102-9219**

April 10, 2013

Dear Fellow Shareholder:

Please join me at our Annual Meeting on Thursday, May 23, 2013, where you will be asked to vote on the election of the Board of Directors, the adoption of a new 2013 Long-Term Incentive Plan and the ratification of the selection of auditors.

The Company is once again taking advantage of the Securities and Exchange Commission rule that allows us to provide proxy materials over the Internet to certain of our shareholders. On or about April 10, 2013, we will begin mailing a Notice of Internet Availability of Proxy Materials to shareholders whose shares are held in an account at a brokerage firm, bank or other nominee record holder, informing them the Proxy Statement for the 2013 Annual Meeting, 2012 Annual Report and voting instructions are available online. As more fully described in that notice, all shareholders receiving such notice may choose to access proxy materials on the Internet or may request to receive paper copies of the proxy materials. On or about April 10, 2013, we will also mail paper copies of our Proxy Statement, 2012 Annual Report and a proxy card to each shareholder whose shares are registered directly in their name with our transfer agent, American Stock Transfer & Trust Company.

In addition to the formal items of business at the Annual Meeting, you will have an opportunity to ask questions and express your views to the senior management of Continental Resources, Inc. Members of the Board of Directors will also be present.

Whether you are able to attend the 2013 Annual Meeting in person, it is important your shares be represented. Please vote your shares in accordance with the instructions contained in the materials being sent to you. Please vote as soon as possible.

I hope to see you on May 23rd.

Harold G. Hamm

*Chairman of the Board and*

*Chief Executive Officer*

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**CONTINENTAL RESOURCES, INC.**

20 N. Broadway

Oklahoma City, Oklahoma 73102

Notice of Annual Meeting of Shareholders

**To Be Held On May 23, 2013**

**TO THE HOLDERS OF SHARES OF COMMON STOCK:**

The 2013 Annual Meeting of Shareholders of Continental Resources, Inc. (the Company, we, or us) will be held at the Cox Convention Center, Meeting Room A/B, 1 Myriad Gardens, Oklahoma City, OK 73102-9219, on May 23, 2013, at 10:00 a.m. C.D.T., for the following purposes:

1. To elect two Class I members to our Board of Directors to serve until the Annual Meeting of Shareholders in 2016 and one Class II member to serve until the Annual Meeting of Shareholders in 2014 and in the case of each Class I and Class II director nominee until their respective successors are duly elected and qualified or until their earlier resignation or removal.
2. To vote on a proposal to approve the Company's 2013 Long-Term Incentive Plan.
3. To ratify the selection of Grant Thornton LLP as our independent registered public accounting firm.
4. To transact such other business as may properly be brought before the Annual Meeting or any adjournment thereof.

The Annual Meeting may be recessed from time to time and, at any reconvened meeting, action with respect to the matters specified in this notice may be taken without further notice to shareholders unless required by the Company's bylaws.

Shareholders of record of our common stock, par value \$0.01 per share, at the close of business on March 27, 2013 are entitled to notice of, and to vote on all proposals, at the Annual Meeting. A list of all shareholders entitled to vote at the Annual Meeting will be available for inspection at the Annual Meeting and during normal business hours at least ten days prior thereto at our offices located at 20 N. Broadway, Oklahoma City, Oklahoma 73102.

In accordance with rules adopted by the Securities and Exchange Commission, we are pleased to furnish these proxy materials to certain of our shareholders over the Internet and to certain others by mail.

**It is important your shares be represented and voted at the Annual Meeting whether you plan to attend. Therefore, we urge you to vote your shares as soon as possible. If you received notice of how to access the proxy materials over the Internet and you did not receive a proxy card or voter information form and other proxy materials from our transfer agent or from your broker, bank, or other nominee record holder, you may only vote online unless you notify us you would prefer to receive printed materials. If you received a proxy card and other proxy materials from our transfer agent by mail, you may vote online or by signing and dating the proxy card and returning it in the envelope provided. If you received a voter information form and other proxy materials from your broker, bank or other nominee record holder by mail, you may vote online, by telephone or by following instructions provided with the received materials regarding how to complete and return the voter information form. If you receive more than one proxy card or voter information form because you own shares that are registered differently, then please vote all of your shares shown on all of your proxy cards or voter information forms following instructions included with each of the individual proxy cards or voter information forms. Voting online or by returning the proxy card or a voter information form will ensure your representation at the meeting but does not deprive you of your right to attend the meeting and to vote your shares in person.**

BY THE ORDER OF THE BOARD OF DIRECTORS

/s/ Eric S. Eissenstat

Eric S. Eissenstat

Secretary

DATED: April 10, 2013

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR**

**THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 23, 2013**

**This proxy statement, the accompanying proxy card and our annual report to shareholders are also available on the Internet at <https://materials.proxyvote.com/212015>**

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**CONTINENTAL RESOURCES, INC.**

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**May 23, 2013**

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**CONTINENTAL RESOURCES, INC.**

20 N. Broadway Oklahoma City, Oklahoma 73102

**Proxy Statement**

**2013 Annual Meeting of Shareholders**

**Questions and Answers About This**

**Proxy Material and Voting**

***When and where is the Annual Meeting?***

Our 2013 Annual Meeting of Shareholders (the Annual Meeting ) will be held at the Cox Convention Center Meeting Room A/B, 1 Myriad Gardens, Oklahoma City, OK 73102-9219, on May 23, 2013, at 10:00 a.m. C.D.T. When we refer to us, we, our, or the Company we are describing Continental Resources, Inc. and/or our subsidiaries.

***Why am I receiving these materials?***

This proxy statement, the accompanying proxy card and our annual report are provided to you because our Board of Directors ( Board ) is soliciting your proxy to vote at the Annual Meeting. You are invited to attend the Annual Meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the Annual Meeting to vote your shares.

Under rules adopted by the Securities and Exchange Commission (the SEC ), we are furnishing proxy materials to our shareholders primarily via the Internet, instead of mailing printed copies of those materials to each shareholder. On or about April 10, 2013, we plan to mail to beneficial owners of shares registered in the name of a broker, bank or other nominee record holder (who constitute the majority of our shareholders), a Notice of Internet Availability of Proxy Materials (the Notice of Internet Availability ) containing instructions on how to access our proxy materials, including our proxy statement and annual report. The Notice of Internet Availability also instructs shareholders on how to vote online. This process is designed to expedite shareholders receipt of proxy materials, help conserve natural resources and lower the cost of the Annual Meeting. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability.

We intend to mail this proxy statement, the accompanying proxy card and our annual report on or about April 10, 2013 to shareholders of record entitled to vote at the Annual Meeting.

***Who can vote at the Annual Meeting?***

The record date for determining shareholders entitled to notice of and to vote at the Annual Meeting has been established as of the close of business on March 27, 2013. On that date, we had 185,632,612 shares of our common stock, par value \$0.01 per share ( Common Stock ), outstanding and eligible to vote.

*Shareholder of Record: Shares Registered in Your Name*

If on March 27, 2013 your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, or if you hold shares of our Common Stock pursuant to a restricted stock grant that have not vested, then you are a shareholder of record. As a shareholder of record, you may vote in person at the Annual Meeting, by proxy using the proxy card or over the Internet. Whether you plan to attend the Annual Meeting, we urge you to vote your shares.

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### *Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Nominee Record Holder*

If on March 27, 2013 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, or other nominee record holder, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker, bank or other agent on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker, bank or other nominee record holder.

### ***What am I voting on?***

There are three proposals scheduled for a vote:

1. Election of two directors to serve until the Annual Meeting of Shareholders in 2016, election of one director to serve until the Annual Meeting of Shareholders in 2014, and with respect to each director nominee until their successors are duly elected and qualified or until their earlier resignation or removal; and
2. Approval of the Company's 2013 Long-Term Incentive Plan (the 2013 Plan ); and

Ratification of selection of Grant Thornton LLP ( Grant Thornton ) as our independent registered public accounting firm.

### ***How do I vote?***

For Proposal 1, you may either vote For a nominee to the Board or you may Withhold Authority regarding your vote for any nominee you specify. For Proposals 2 and 3, you may vote For or Against or Abstain from voting. The procedures for voting are as follows:

### *Shareholder of Record: Shares Registered in Your Name*

If you are a shareholder of record, you may vote in person at the Annual Meeting, by proxy using the proxy card or over the Internet. Whether you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote in person.

To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.

To vote using the proxy card, simply complete, sign, and date the proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.

To vote online, please follow the instructions included on your proxy card. If you vote online, you do not need to complete and mail a proxy card.

*Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Nominee Record Holder*

If you are a beneficial owner of shares registered in the name of your broker, bank, dealer or other nominee record holder, you should have received either a Notice of Internet Availability containing instructions on how to access our proxy materials and vote online or a voter information form and voting instructions with these proxy materials from that organization rather than from us. Simply follow the instructions to vote online or by telephone or complete and return the voter information form in accordance with the instructions provided to ensure your vote is counted. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank, or other nominee record holder. Follow the instructions from your broker, bank or other nominee record holder included with these proxy materials, or contact your broker, bank or other nominee record holder to request a proxy form.

***How many votes do I have?***

On each proposal to be voted upon, you have one vote for each share of Common Stock you own as of March 27, 2013.

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***Who is paying for this proxy solicitation?***

We are paying for the entire cost of soliciting proxies. In addition to these proxy materials, our directors, employees, and agents may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may reimburse brokerage firms, banks, dealers and other agents for the cost of forwarding proxy materials to beneficial owners.

***What does it mean if I receive more than one proxy card or voter information form?***

If you receive more than one proxy card or voter information form, your shares are registered in more than one name or are registered in different accounts. Please complete, sign, and return each proxy card or voter information form to ensure all of your shares are voted.

***Can I change my vote after submitting my proxy?***

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

You may enter a new vote over the Internet or by submitting another properly completed proxy card with a later date. To request a new proxy card, you should call our transfer agent, American Stock Transfer & Trust Company, LLC at (800) 937-5449 or mail a request to our transfer agent at 6201 15<sup>th</sup> Avenue, Brooklyn, NY 11219.

You may send a written notice that you are revoking your proxy to Continental Resources, Inc., 20 N. Broadway, Oklahoma City, Oklahoma 73102, Attn: Eric S. Eissenstat, Secretary.

You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

If your shares are held by your broker, bank, or other nominee record holder, you should follow the instructions provided by your broker, or bank or such nominee record holder.

***What is the quorum requirement?***

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the issued and outstanding shares entitled to vote are represented by shareholders present at the Annual Meeting or by proxy. On the record date, there were 185,632,612 shares issued and outstanding and entitled to vote. Therefore, 92,816,307 shares must be represented by shareholders present at the Annual Meeting or by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee record holder), or if you vote in person at the Annual Meeting. Abstentions and withhold authority votes will be counted towards the quorum requirement and broker non-votes (discussed immediately below) will be counted toward the quorum requirement assuming the broker, bank or other nominee

record holder, is entitled to vote the applicable shares on at least one discretionary proposal. If there is no quorum, a majority of the shares entitled to vote at the Annual Meeting may adjourn the Annual Meeting to another date.

***What are broker non-votes?***

A broker non-vote occurs when the broker, bank or other nominee record holder is unable to vote the shares it holds on behalf of a beneficial owner (such shares are said to be held in street name), because a proposal is not routine and the beneficial owner has not provided any instructions on that matter. New York Stock Exchange (NYSE) rules determine whether proposals are routine. If a proposal is routine, a broker, bank or other nominee record holder holding shares in street name may vote on the proposal without voting instructions. If a proposal is not routine, the broker, bank or other nominee record holder may vote on the proposal only if the beneficial owner has provided voting instructions. If a broker, bank or other nominee record holder does not receive instructions for a non-routine proposal, such entity will return a proxy card without a vote on that proposal, which is usually referred to as a broker non-vote. The ratification of Grant Thornton's appointment is a routine item, but the election of directors and proposal to approve the 2013 Plan are not considered routine proposals under applicable NYSE rules.

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### ***How may I vote in the election of directors?***

In the election of directors you may either vote **For** a nominee or **Withhold** your vote from the nominee.

### ***What vote is required to approve the election of directors?***

Directors are elected by a plurality of the votes cast at the Annual Meeting (that is the three director nominees receiving the greatest number of votes cast will be elected). Votes that are **withheld** will not have an effect on the outcome of this vote. Similarly, broker non-votes will not have an effect on the outcome of this vote.

### ***How may I vote in connection with the proposal to approve the Company's 2013 Long-Term Incentive Plan?***

In voting on the approval of the Company's 2013 Plan, you may vote **For** or **Against** the proposal or **Abstain** from voting.

### ***Why is shareholder approval needed in connection with the Company's 2013 Long-Term Incentive Plan?***

Section 312.03(a) of the NYSE Listed Company Manual requires shareholder approval of any equity compensation plan. The 2013 Plan is an equity compensation plan subject to this provision of the NYSE Listed Company Manual.

### ***What vote is required to approve the Company's 2013 Long-Term Incentive Plan?***

The NYSE Listed Company Manual requires the approval by a majority of votes cast on the proposal to approve the 2013 Plan at the Annual Meeting, provided the total vote cast on the proposal represents over 50% in interest of all securities entitled to vote on the proposal. Oklahoma state law requires any proposal submitted to the Company's shareholders be approved by a majority of the shares present in person or represented by proxy and entitled to vote on the matter. If you **Abstain** from voting, it will have the same effect as an **Against** vote on the proposal to approve the 2013 Plan at the Annual Meeting because abstentions are treated as entitled to vote under state law and NYSE rules. Since the proposal to approve the 2013 Plan at the Annual Meeting is not a routine proposal, broker non-votes will not be treated as entitled to vote and accordingly will have no impact on the outcome of this vote for purposes of Oklahoma state law or NYSE rules.

### ***How may I vote in connection with the proposal to ratify the selection of Grant Thornton LLP as our independent registered public accounting firm?***

In voting on the ratification of the selection of Grant Thornton as our independent registered public accounting firm for the year ended December 31, 2013, you may vote **For** or **Against** the proposal or **Abstain** from voting.

### ***What vote is required to approve the ratification of the selection of Grant Thornton LLP as our independent registered public accounting firm?***



As described above, under Oklahoma state law the ratification of the selection of Grant Thornton as our independent registered public accounting firm requires that a majority of the shares present in person or represented by proxy and entitled to vote on the matter vote For the proposal. If you Abstain from voting, it will have the same effect as an Against vote because abstentions are treated as entitled to vote under Oklahoma state law.

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***What if I do not mark a voting choice for some of the matters listed on my proxy card?***

If you return a signed proxy card without indicating your vote, your shares will be voted in accordance with the Board's recommendation for each proposal with respect to which a voting choice is not indicated.

***Could other matters be decided at the Annual Meeting?***

We do not know of any other matters that will be considered at the Annual Meeting. If any other matters arise at the meeting, proxies will be voted at the discretion of the proxy holders.

***What happens if the Annual Meeting is postponed or adjourned?***

If the Annual Meeting is postponed or adjourned, your proxy will still be valid and may be voted at the postponed or adjourned meeting. You will be able to change or revoke your proxy until it is voted.

***How does the Board recommend I vote on the proposals?***

The Board recommends you vote:

**FOR** the nominees for director set forth on page 6;

**FOR** the approval of the Company's 2013 Plan; and

**FOR** the ratification of the selection of Grant Thornton as our independent registered public accounting firm for the fiscal year ending December 31, 2013.

***Who will serve as the inspector of election at the Annual Meeting?***

We anticipate Eric S. Eissenstat, our Senior Vice President, General Counsel and Secretary, will serve as the inspector of election and will tabulate the proxies and ballots at the Annual Meeting.

***How can I find out the results of the voting at the Annual Meeting?***

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in a Form 8-K filed within four business days after the Annual Meeting.

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Our Board currently consists of seven members. Our directors are divided into three classes and serve staggered three year terms. Class I, Class II and Class III directors will serve until our annual meetings of shareholders in 2013, 2014 and 2015, respectively. In connection with the retirement of H.R. Sanders, Jr. from the Board effective June 30, 2012, David L. Boren was reclassified from a Class I director to a Class II director by the Board. In order to align Mr. Boren's term of service with the other Class II director, Robert J. Grant, the Board directed that Mr. Boren stand for election at the 2013 Annual Meeting of Shareholders for a one year term, and then stand for election in 2014 with the other Class II director or directors. The Board has nominated and proposes that Harold G. Hamm and John T. McNabb, II, whose terms as directors expire as of the Annual Meeting, be re-elected as Class I directors for a term to continue until the 2016 Annual Meeting of Shareholders, that Mr. Boren, whose term as a director expires as of the Annual Meeting, be re-elected as a Class II director for a term to continue until the 2014 Annual Meeting of Shareholders, and, in the case of each Class I and Class II director nominee, until each of their respective successors has been elected and qualified or until their earlier resignation or removal.


The election of a director requires the affirmative vote of a plurality of the shares of Common Stock voting in person or by proxy at the Annual Meeting. All proxies received by our Board will be voted, in the absence of instructions to the contrary, For the re-election of Messrs. Hamm, McNabb and Boren to the Board, as described above.

Should a nominee for election to the Board be unable to serve for any reason, the Board may designate a substitute nominee in which event all proxies received without instructions will be voted for the election of such substitute nominee. To the best knowledge of our Board the named nominees will each serve if elected.

**The Board recommends the shareholders vote FOR the re-election of Harold G. Hamm, John T. McNabb, II and David L. Boren to the Board.**

The following table outlines certain information about each of the director nominees as well as our other directors as of March 27, 2013:


<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Existing Term Expires</b>
Harold G. Hamm	67	1967	2013
David L. Boren	71	2009	2013
Robert J. Grant	74	2006	2014
Lon McCain	65	2006	2015
John T. McNabb, II	68	2010	2013
Mark E. Monroe	58	2001	2015



**Harold G. Hamm** has served as Chief Executive Officer and a director since our inception in 1967 and currently serves as Chairman of the Board and Chairman of the Finance Committee. In addition, Mr. Hamm served as our President from October 31, 2008 to November 3, 2009. He serves as Chairman of the board of directors of the general partners of Hiland Partners, LP ( Hiland ) and Hiland Holdings GP, LP ( Hiland Holdings ), affiliates of ours which were publicly traded in the past. From September 2005 through February 2012, Mr. Hamm served as a director of Complete Production Services, Inc., an oil and gas service company publicly traded on the NYSE. Mr. Hamm is Chairman of Domestic Energy Producers Alliance and served as Chairman of the Oklahoma Independent Petroleum Association from June 2005 to June 2007. He was President of the National Stripper Well Association, founder and Chairman of Save Domestic Oil, Inc., and served on the board of directors of the Oklahoma Energy Explorers. As founder of the Company, Mr. Hamm is one of the driving forces behind the Company and

its success to date. Over the course of the Company's history, Mr. Hamm has successfully grown the Company through his leadership skills and business judgment


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**David L. Boren** has been a director since March 2009. Mr. Boren serves as President of the University of Oklahoma, a position he has held since November 1994. Prior to becoming President of the University of Oklahoma, he served in the United States Senate representing Oklahoma from 1979 to 1994. During his service in the Senate he was the longest serving Chairman of the U.S. Select Committee on Intelligence. From 1975 to 1979, Mr. Boren was Governor of Oklahoma. Before being elected Governor, he served eight years in the Oklahoma House of Representatives. He engaged in the private practice of law from 1969 to 1974. He also served as a professor of Political Science at Oklahoma Baptist University from 1970 to 1974. In 1986, Mr. Boren founded the Oklahoma Foundation for Excellence, a private foundation which rewards and encourages excellence in public education. He continues to serve as its Chairman. He also serves on the board of directors of the Bloomberg Family Foundation, Inc. and as Co-Chair of the President's Intelligence Advisory Board to the President of the United States. He

received his B.A. from Yale University, his M.A. in economics from Oxford University as a Rhodes Scholar and his J.D. from the University of Oklahoma. He previously served as a director of ConocoPhillips Inc. and Hiland Partners GP, LLC (the general partner of Hiland Partners, LP), Texas Instruments and AMR Corporation and currently serves as a director of Torchmark Corporation.

Mr. Boren's experiences as a member of the Oklahoma House of Representatives, as Governor of the state of Oklahoma, as a U.S. Senator, and as President of the University of Oklahoma provide him with invaluable leadership skills. Mr. Boren also has considerable experience serving as a director with many other large public companies, some of which are in the energy industry. We believe Mr. Boren's extensive leadership skills and experience as a past and present director of numerous large public companies qualify him to serve on our Board.



**Robert J. Grant** has been a director since January 2006. He was an audit partner of Deloitte & Touche LLP and a predecessor firm from 1969 to 2000. He served as partner in charge of the Dallas, Texas office audit department for ten years and a member of the firm's audit management group for twelve years. He has been a member of the Independent Petroleum Association of America, the American Petroleum Institute, and the Texas Independent Producers and Royalty Owners Association, and currently is a member of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants. Mr. Grant graduated from the University of Detroit with a B.S. in accounting and an M.B.A.

Mr. Grant has an extensive background in public accounting from his over 37 years at Deloitte & Touche LLP and a predecessor firm. Mr. Grant developed substantial knowledge of the petroleum industry through his experience serving oil and natural gas clients as an audit partner and through his membership in the Independent Petroleum Association of America, the American Petroleum Institute, and the Texas Independent Producers and Royalty Owners Association. We believe these experiences and skills qualify him to serve on our Board.



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**Ellis L. Lon McCain** has been a director since February 2006 and currently serves as Chairman of our Compensation Committee. Mr. McCain served as Executive Vice President and Chief Financial Officer of Ellora Energy, Inc. ( Ellora ) from July 2009 through August 2010 when Ellora was merged into a subsidiary of Exxon Mobil Corporation. Prior to Ellora, Mr. McCain was Vice President, Treasurer, and Chief Financial Officer of Westport Resources Corporation, a publicly traded exploration and production company, from 2001 until the sale of Westport to Kerr McGee Corporation and his retirement in 2004. From 1992 until joining Westport in 2001, Mr. McCain was Senior Vice President and Principal of Petrie Parkman & Co., an investment banking firm specializing in the oil and gas industry. From 1978 until joining Petrie Parkman, Mr. McCain held senior financial management positions with Presidio Oil Company, Petro-Lewis Corporation, and Ceres Capital. He was an Adjunct Professor of Finance at the University of Denver from 1982 through 2005. Mr. McCain currently serves on the board of directors of

Crimson Exploration, Inc., a domestic exploration and production company traded on the NASDAQ GlobalMarket, and Cheniere Energy Partners, GP, LLC, the general partner of Cheniere Energy Partners, L.P., a publicly traded partnership. Mr. McCain received a B.A. in business administration and an M.B.A. with a major in finance from the University of Denver.

Mr. McCain brings extensive business, financial and management expertise to the Company from his background as Chief Financial Officer of Ellora and Westport Resources Corporation and from his tenure as an investment banker specializing in the oil and gas industry. Mr. McCain also brings considerable director experience from his position as a director with several other energy companies. We believe Mr. McCain's extensive business, financial, management and director expertise qualify him to serve on our Board and as Chairman of our Compensation Committee.

**John T. McNabb, II** has been a director since May 2010 and currently serves as Chairman of our Nominating/Corporate Governance Committee. He was appointed as lead director on November 2, 2011 and will serve in this capacity through the Annual Meeting. Mr. McNabb is Vice Chairman of Investment Banking of Duff & Phelps Corporation, a global independent provider of financial advisory and investment services, a position he has held since June 30, 2011. Prior to this position he was Founder and Chairman of the board of directors of Growth Capital Partners, L.P., a merchant banking firm that provided financial advisory services to middle market companies throughout the United States. He served in this position from 1992 to June 29, 2011. He was formerly a Managing Director of Bankers Trust New York Corporation ( Bankers Trust ) and board member of BT Southwest Inc., a wholly-owned subsidiary of Bankers Trust. Mr. McNabb went to Bankers Trust from The Prudential Insurance - Company of America where he had a six year career, commencing in 1984, in positions with Prudential-Bache Securities,

The Prudential's Corporate Finance Group and Prudential Capital Corporation, a merchant banking affiliate of The Prudential. He started his career with Mobil Oil in its exploration and production division. Mr. McNabb holds B.A. and M.B.A. degrees from Duke University. Mr. McNabb has served on the board of directors of seven public companies, including the Willbros Group, Inc., where he is Chairman of the board of directors and Hiland Partners,

GP, LLC, from 2006 to 2009, where he served as Chairman of the Conflicts Committee and as a member of the Compensation Committee. He currently serves on the board of directors of three private companies, JAG flocomponents LP, Premier Natural Resources, LLC, and Miocene Energy LLC.

Mr. McNabb's extensive banking and investment company experience and his direct participation in the oil and gas production and service segments make him well suited to serve on our Board. Mr. McNabb's leadership skills as Founder and Chairman of the board of directors of Growth Capital Partners, L.P. and his public company experience as an audit and compensation committee member also make him well qualified to serve on our Board. We believe Mr. McNabb's extensive banking and investment company experience and his service on numerous public and private company boards qualify him to serve on our Board, as the Chairman of our Nominating/Corporate Governance Committee and as lead director.



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**Mark E. Monroe** has served as a director since November 2001 and currently serves as Chairman of our Audit Committee. Mr. Monroe became our President and Chief Operating Officer in October 2005 and resigned from such positions upon his retirement, effective October 31, 2008. He was Chief Executive Officer and President of Louis Dreyfus Natural Gas Corp. prior to its merger with Dominion Resources, Inc. in October 2001. After the merger, Mr. Monroe was a consultant and served as a member of the board of directors of Unit Corporation, a NYSE publicly traded onshore drilling and oil and gas exploration and production company from October 2003 through October 2005. He currently serves on the board of directors of Rose Rock Midstream GP, LLC, the general partner of Rose Rock Midstream, L.P. He also serves on the board of directors of the Oklahoma Independent Petroleum Association. He has served as Chairman of the Oklahoma Independent Petroleum Association, served on the Domestic Petroleum Council and the National Petroleum Council, and on the boards of directors

of the Independent Petroleum Association of America, the Oklahoma Energy Explorers, and the Petroleum Club of Oklahoma City. Mr. Monroe is a Certified Public Accountant and received his B.A. in business administration from the University of Texas at Austin.

Mr. Monroe brings extensive executive and financial experience to the Board from his positions as Chief Executive Officer, President and Chief Financial Officer at various public oil and gas companies and his background as a Certified Public Accountant. We also believe Mr. Monroe's service as our President and Chief Operating Officer from October 2005 to October 2008 gives him invaluable insight into our Company and qualifies him to serve on our Board and as Chairman of our Audit Committee.

**Edward T. Schafer** joined Continental Resources, Inc. as a director on November 2, 2011 and has been appointed lead director effective following the Annual Meeting. Mr. Schafer was the Governor of North Dakota from 1992 to 2000 and was the Secretary of the U.S. Department of Agriculture under President George W. Bush. He has been Executive Vice Chairman and a member of the board of directors of Bion Environmental Technologies, Inc. ( Bion ) since January 2010. He served as a consultant to Bion from September 2009 to December 2010. Mr. Schafer served as a trustee of the Investors Real Estate Trust from September 2006 through December 2007 and from September 2009 to September 2011. Mr. Schafer served as Chief Executive Officer of Extend America, a telecommunications company, from 2001 to 2006. Mr. Schafer currently serves as the Chair of the Theodore Roosevelt Medora Foundation, a member of the Advisory Committee to Impact Red River Valley, a director of the North Dakota Tax Payers Association, Co-Chair of the China-U.S. Agriculture

Uplift Program and as an advisor to the Yangling Agriculture High Tech Demonstration Zone. While Governor of North Dakota, Mr. Schafer also served as Chairman of the Interstate Oil and Gas Compact Commission, which is comprised of all energy-producing states.

Mr. Schafer's experience as Governor of North Dakota and as Secretary of the U.S. Department of Agriculture provides him with invaluable leadership skills. Mr. Schafer has experience serving as a director of public companies and he has held senior executive positions at many companies, including Chief Executive Officer. Mr. Schafer's service as Governor of North Dakota gives him a deep understanding of one of our most important operational areas, as well as experience with the energy industry. We believe Mr. Schafer's leadership skills, experience serving as a director and senior executive, energy industry experience and understanding of North Dakota qualify him to serve on our Board.

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***Corporate Governance Matters***

We are a controlled company within the meaning of the listing standards of the NYSE because our Chairman and Chief Executive Officer, Harold G. Hamm, owns more than 50% of our outstanding shares of Common Stock. Consequently, we are not required to comply with certain of the NYSE listed company requirements, such as the requirement to have a majority of independent directors on our Board, or the requirement to have compensation and nominating committees comprised entirely of independent directors. However, we are required to have an independent Audit Committee under the NYSE's listed company requirements, and we have voluntarily established a Compensation Committee (comprised of independent directors) and a Nominating/Corporate Governance Committee. The Board uses the independence standards of the NYSE corporate governance rules for determining whether directors are independent. The Board additionally follows the rules of the SEC in determining independence for Audit Committee members. The Board has determined Messrs. Boren, Grant, McCain, McNabb, Monroe and Schafer have no relationship with the Company other than as a director and shareholder of the Company and are independent under the NYSE and SEC rules for purposes of service on the Board and its committees. Members of each committee are elected annually by the Board and serve for one year terms, until their successors are elected and qualified or until their earlier resignation or removal.

The Board held ten meetings during the year ended December 31, 2012 and acted by unanimous consent on two occasions during such period.

Directors are expected to attend all meetings of the Board and the committees on which they serve. To be re-nominated, directors must have attended at least 75% of the Board and committee meetings during their term. All directors, other than Mr. Grant, attended the 2012 Annual Meeting of Shareholders and all directors plan to attend the 2013 Annual Meeting.

***Board Leadership Structure.*** Harold G. Hamm serves as the Company's Chairman and Chief Executive Officer and controls approximately 68.04% of the outstanding shares of Common Stock as of March 27, 2013. The Board believes its leadership structure is justified by the efficiencies of having the Chief Executive Officer also serve in the role of Chairman of the Board as well as due to Mr. Hamm's role in founding the Company and due to his continued significant ownership interest in the Company.

***Risk Oversight.*** The Board is actively involved in oversight of risks that could affect us. This oversight is conducted in part through committees of the Board. In particular, the Audit Committee is charged with oversight of Company risks relating to finance and accounting compliance, and is updated periodically on our compliance with internal controls. The Board satisfies its oversight responsibility through reports by each committee chair regarding the committee's considerations and actions, as well as through reports from officers responsible for oversight of particular risks within our Company. In addition, we have internal audit systems in place to review adherence to established policies and procedures.

***Board Committees.*** Our Board has four standing committees: an Audit Committee, a Compensation Committee, a Nominating/Corporate Governance Committee and a Finance Committee. Each committee is governed by a written charter approved by the full Board. These charters form an integral part of our corporate governance policies, and a copy of each charter is available at our website, [www.clr.com](http://www.clr.com).

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The table below provides information regarding the current composition of each standing committee of our Board, the responsibilities of each committee as set forth in their respective charters and the number of times each committee met and acted by written consent in 2012.

Name of Committee and Members	Principal Functions of the Committee	Meetings in 2012	Written Consents in 2012
<b>Audit</b>  Mark E. Monroe, Chairman  Robert J. Grant  Lon McCain  John T. McNabb, II	<p>The Audit Committee is appointed by our Board to assist it and to perform an oversight function and to fulfill the responsibilities set forth in its Charter by:</p> <ul style="list-style-type: none"> <li>selecting and overseeing our relationship with our independent registered public accounting firm;</li> <li>reviewing with our independent registered public accounting firm the scope and results of our annual audit;</li> <li>reviewing our financial statements and reports including Forms 10-K and Forms 10-Q;</li> <li>reviewing our significant financial reporting issues and practices;</li> <li>monitoring our internal control policies;</li> <li>establishing our procedures for receipt, retention, and treatment of</li> </ul>	7	2

complaints received by us regarding accounting, internal accounting control or auditing matters;

reviewing proposals of related party transactions; and

reviewing the performance of our internal audit function.

**Compensation**

Pursuant to its charter, the responsibilities of the Compensation Committee are as follows:

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Lon McCain, Chairman

Robert J. Grant

determine awards to employees of stock or other equity compensation;

Edward T. Schafer

review and approve the individual elements of the total compensation of senior executives, including the Chief Executive Officer; and

review and make recommendations to the Board with respect to director compensation.

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Name of Committee and Members	Principal Functions of the Committee	Meetings in 2012	Written Consents in 2012
<b>Nominating / Corporate Governance</b>	Pursuant to its charter, the responsibilities of the Nominating/Corporate Governance Committee are as follows:	4	0
John T. McNabb, II, Chairman	<p>identify individuals qualified to become Board members, recommend those qualified members to the Board, and recommend the director nominees to the Board for each annual meeting of the Company's Shareholders or to fill vacancies on the Board;</p> <p>recommend nominees to the Board for each committee of the Board;</p> <p>make recommendations to the Board regarding the composition and size of the Board;</p> <p>develop and recommend to the Board the Corporate Governance Guidelines applicable to the Company;</p> <p>lead the Board in its annual review of the Board's performance; and</p> <p>provide risk oversight with respect to the areas of responsibility of the Nominating/Corporate Governance Committee set forth in its charter.</p>		

**Finance**

Pursuant to its charter, the responsibilities of the Finance Committee are as follows:

The Finance Committee was formed effective February 22, 2013.

Harold G. Hamm, Chairman

Lon McCain

Review and provide recommendations to the Board in connection with the Company's capital structure plans and strategies and capital market plans and strategies; and

John T. McNabb, II

Mark E. Monroe

Undertake the functions customarily performed by a Pricing Committee in connection with public offerings of debt and equity securities that may be undertaken by the Company from time to time.

**Audit Committee.** The Audit Committee is currently composed of the individuals and has the responsibilities set forth in the table above. The Board, in its business judgment, has determined each of the Audit Committee members qualifies as an audit committee financial expert within the meaning of the SEC's rules and regulations and satisfies the standards of independence established by SEC and NYSE listing requirements. The report of the Audit Committee is set forth under "Ratification of Selection of Independent Registered Public Accounting Firm Audit Committee Report" in this proxy statement.

Pursuant to its charter, the Audit Committee has the authority to retain outside counsel or other experts to advise the Audit Committee in connection with the exercise of its powers and responsibilities. In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company. The Audit Committee meets at least quarterly with our senior management, our manager of internal auditing and our independent auditors to discuss any matters the Audit Committee or any of these groups believe should be discussed in private. The Audit Committee makes regular reports to the Board.

In 2012, the Audit Committee discussed the financial information contained in each quarterly and annual SEC filing with the Chief Financial Officer and independent auditors prior to public release. During 2012, the Audit Committee met and acted by unanimous written consent the number of times indicated in the table above.

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***Compensation Committee.*** The Compensation Committee is currently composed of the individuals and has the responsibilities set forth in the table above. During 2012, Mr. Sanders served on the Compensation Committee until his retirement from the Board on June 30, 2012. Mr. Grant was appointed to the Compensation Committee in connection with Mr. Sanders' retirement. The Board, in its business judgment, has determined each of the current members of the Compensation Committee, satisfies the standards of independence established by NYSE listing requirements and SEC rules. The report of the Compensation Committee is set forth under "Executive Compensation and Other Information" Compensation Committee Report in this proxy statement.

During 2012, the Compensation Committee met and acted by unanimous written consent the number of times indicated in the table above. The role the Compensation Committee plays in establishing our executive officer compensation is further described below in "Executive Compensation and Other Information" Compensation Discussion and Analysis.

The Compensation Committee has the authority to retain or terminate consultants, including the authority to approve the consultants' fees and other retention terms. In 2012, the Compensation Committee employed Longnecker & Associates ( Longnecker ), whose engagement is described in the Compensation Discussion and Analysis section herein.

***Nominating/Corporate Governance Committee.*** The Nominating/Corporate Governance Committee is currently composed of the individuals and has the responsibilities set forth in the table above. During 2012, the Nominating/Corporate Governance Committee met the number of times indicated in the table above. It did not act by unanimous written consent in 2012.

***Finance Committee.*** The Finance Committee is currently composed of the individuals and has the responsibilities set forth in the table above. The Finance Committee was formed at the February 22, 2013 meeting of the Board and, therefore, did not meet or act by unanimous consent during 2012.

### ***Corporate Governance Guidelines and Communications with the Board***

In May 2006 we adopted Corporate Governance Guidelines and a Code of Ethics in accordance with the rules of the NYSE. We amended and restated our Corporate Governance Guidelines in February 2012. The Code of Ethics is applicable to all employees and directors, including our principal executive, financial, and accounting officers. In addition, each of the standing committees of the Board has a charter which has been approved by the full Board. Copies of the Corporate Governance Guidelines, Code of Ethics, and committee charters are available at our website, [www.clr.com](http://www.clr.com).

Our Corporate Governance Guidelines require the non-management directors meet in regularly scheduled executive sessions. Mr. McNabb was selected by the Board to serve as lead director and, acting in this capacity, he presided over five executive sessions in 2012. As lead director, Mr. McNabb also facilitates communication with the Board and presides in any session where the Chairman of the Board is not present. Mr. Schafer has been appointed to serve as lead director effective after the Annual Meeting.

Any shareholder or interested party desiring to communicate or make concerns known to us, directors generally, non-management directors or an individual director only may do so by submission in writing to Continental Resources, Inc., Attn: Vice President, Investor Relations, 20 N. Broadway, Oklahoma City, Oklahoma 73102, with information sufficient to identify the person submitting the communication or concern, including the name, address, telephone number, and an e-mail address (if applicable), together with information indicating the relationship of such



person to us. Our Vice President of Investor Relations is responsible for maintaining a record of any such communications or concerns and submitting them to the appropriate person(s) for potential action or response. We will verify the authenticity of any communication or concern before forwarding. We are not obligated to investigate or forward any anonymous submissions from persons who are not our employees.

Although we are a controlled company under the listing standards of the NYSE, the Board has voluntarily established a Nominating/Corporate Governance Committee. Our Nominating/Corporate Governance Committee is responsible for assessing the skills and characteristics of Board members and for screening potential Board candidates. The Nominating/Corporate Governance Committee has no minimum qualifications for candidates. In general, however, the Committee reviews and evaluates both incumbent and potential new directors, in an effort to achieve diversity of skills and experience among our directors, in light of the following criteria, which are set forth in our Corporate Governance Guidelines:

commitment and background to represent shareholder interests;

moral character and integrity;

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ability to apply sound business judgment;

independence and freedom from conflicts of interest;

ability to devote time necessary to understand the Company and carry out the duties of a director, including attendance at meetings and consultation on Company matters;

ability to function as a team member and communicate effectively;

professional and personal accomplishments;

understanding of strategic issues;

ability to understand financial matters and read financial statements;

oil and gas exploration and energy experience; and

experience with risk assessment.

Qualified candidates for nomination to the Board are considered without regard to race, color, religion, gender or national origin. The process used by the Nominating/Corporate Governance Committee for identifying and evaluating nominees for the Board consists of reviewing qualifications of candidates suggested by management, other Board members, or shareholders. The Nominating/Corporate Governance Committee will consider recommendations from shareholders for nomination as a Board member by any shareholder of the Company who is a shareholder of record at the time of giving notice to the Company as provided in the Company bylaws (the Bylaws ) and who shall be entitled to vote on the election of directors at the meeting and who complies with the notice procedures set forth in our Bylaws. Such nominations shall be made pursuant to timely notice in writing to Continental Resources, Inc., Attn: Secretary, 20 N. Broadway, Oklahoma City, Oklahoma 73102.

To be timely, a shareholder's notice shall be delivered to or mailed and received at our principal executive offices (i) with respect to an election of directors to be held at the annual meeting of the shareholders of the Company, not later than ninety (90) days or more than one hundred twenty (120) days prior to the one year anniversary date of the preceding year's annual meeting of shareholders of the Company; provided, however, if the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, to be timely, a shareholder's notice must be so delivered not later than the close of business on the later of the ninetieth day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made; and (ii) with respect to a special meeting of shareholders called for the purpose of electing one or more directors to the Board, not earlier than the ninetieth day prior to such special meeting and not later than the close of business on the later of the seventieth day prior to such special meeting or the tenth day following the day on which public announcement of the date of the special meeting is first made. Such shareholder's notice to the Secretary shall set forth (a) as to each person whom the shareholder

proposes to nominate for election or re-election as a director, all information relating to the person required to be disclosed in solicitations for proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including the written consent of such person to be named in the proxy statement as a nominee and to serve as a director if elected), and (b) as to the shareholder giving the notice (i) the name and address, as they appear on the Company's books, of such shareholder, and (ii) the class and number of shares of capital stock of the Company that are beneficially owned by the shareholder.

There are no specific minimum qualifications for shareholder nominees. The Company has not previously received nominees from shareholders. All nominees, regardless of source, will be evaluated by the Nominating/Corporate Governance Committee.

#### ***Compensation Committee Interlocks and Insider Participation***

The Compensation Committee currently consists of Messrs. Grant, McCain and Schafer. During 2012, Mr. Sanders served on the Compensation Committee until his retirement from the Board on June 30, 2012. Mr. Grant replaced Mr. Sanders on the Compensation Committee in connection with Mr. Sanders' retirement. Mr. Grant, Mr. McCain, Mr. Schafer and Mr. Sanders have not served as an officer or employee of the Company or any of its subsidiaries. Additionally, none of our executive officers serves or has served as a director of or on the compensation committee of any entity that has one or more of such entity's executive officers serving on our Board.

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**Certain Relationships and Related**

**Party Transactions**

***Policies and Procedures***

Our Audit Committee's charter provides that the Audit Committee shall review all Related Party Transactions (as defined below) and recommend approval or disapproval to the Board of any such transaction.

For these purposes, a Related Party Transaction is a transaction, proposed transaction, or series of similar transactions, in which (a) we are a participant, (b) the amount involved exceeds \$120,000 annually and (c) a related person (as defined below) has or will have a direct or indirect material interest. A Related Person is (a) any person who is, or at any time since the beginning of our last fiscal year was, a director, executive officer, or nominee to become a director, (b) a person known to beneficially own 5% or more of any class of our voting securities, (c) an 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 such director, executive officer, nominee for director or greater than 5% beneficial owner), and (d) any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee for director or greater than 5% beneficial owner. The Audit Committee considers the adequacy of disclosure and fairness to us of the matters considered.

The Audit Committee adopted a written policy which includes factors for committee members to consider in exercising their judgment including (a) terms of the transaction with the related party, (b) availability of comparable products or services from unrelated third parties, (c) terms available from unrelated third parties and (d) the benefits to us. The Audit Committee recommends for approval only those related party transactions that are, in its judgment, in our best interests and on terms no less favorable to us than we could have achieved with an unrelated third party.

***Transactions***

From January 1, 2012, we entered into the related party transactions described below. Based upon review and recommendations of our Audit Committee (or Special Committee in the case of the transaction described below under Agreements in Connection with the Wheatland Transaction, Compensation Committee in the case of the transactions described below under Eissenstat Employment Agreement and full Board in the case of the firm transportation commitment with Hiland Crude (defined below) described below under Crude Oil Sales and Firm Transportation Commitments and the registration rights agreement described below under Registration Rights Agreement ), we believe all such transactions are on terms no less favorable to us than we could have achieved with an unrelated third party.

***Crude Oil Sales and Firm Transportation Commitments***

Our principal shareholder and trusts for the benefit of his family members own the majority of the total outstanding equity interests of Hiland, which among its other assets holds, Hiland Crude, LLC (formerly Banner Transportation,

L.L.C. and referred to herein as Hiland Crude ), Cottonwood Creek, Inc. and Independent Trading & Transportation Company I, L.L.C. ( ITT ). Our principal shareholder controls Hiland s general partner and serves as the Chairman of the Board of Hiland s general partner.

In 2012, the Company engaged in crude oil trades with ITT. These purchases or sales are done with ITT each month with the net amount being paid to, or received from, ITT in the following month. Total barrels sold to ITT in 2012 amounted to 20,604 barrels for \$1.9 million and 2,000 barrels were purchased from ITT in 2012 for \$174,000.

In 2012, we paid ITT, Cottonwood Creek and Hiland Crude approximately \$19.8 million for crude oil gathering and storage services in North Dakota, Montana and Wyoming. At December 31, 2012, \$3.2 million was due to Hiland Crude, Cottonwood Creek and ITT.

In September 2012, the Company entered into a five year firm transportation commitment with Hiland Crude to guarantee pipeline access capacity totaling 10,000 barrels of crude oil per day on a pipeline project being developed that is not yet operational. The pipeline project requires significant additional construction efforts by Hiland Crude before being completed. The commitment requires the Company to pay transportation charges of \$5.25 per barrel regardless of the amount of pipeline capacity used. Future commitments under the arrangement total approximately \$95.8 million at December 31, 2012, representing aggregate transportation charges

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expected to be incurred over the five year term assuming the pipeline project is completed and becomes operational. The timing of the commencement of the pipeline's operations is not known. Accordingly, the timing of the Company's obligations under the arrangement cannot be predicted with certainty and may not be incurred on a ratable basis over a calendar year or may not be incurred at all. Under this agreement, the Company's obligations are subject to Hiland Crude meeting an in-service date of July 1, 2015.

### *Natural Gas Sales*

During the year ended December 31, 2012, our natural gas revenues from Related Party Transactions were \$61.7 million relating to sales of approximately 15,179 MMcf of natural gas. Included in this amount was the sale of approximately 15,158 MMcf of natural gas for \$61.6 million to Hiland and 21 MMcf of natural gas sold for \$43,000 to Orbit Gas Transmission, Inc. (Orbit). A majority of Orbit is owned by our principal shareholder and trusts for the benefit of his family members. Additionally, we paid approximately \$6.0 million principally for reclaimed oil, residue fuel gas and compressor rentals to Hiland during the year ended December 31, 2012. Under a contract for natural gas sales to Hiland, we also incurred gathering and treatment fees of \$4.7 million in 2012. At December 31, 2012, \$1.4 million was due to Hiland principally for residue fuel gas, compressor installation costs and proceeds owed to Hiland from condensate sales marketed on their behalf and approximately \$3,900 was due from Hiland. Additionally, \$11.7 million was due from Hiland in connection with a natural gas receivable at December 31, 2012.

### *Oilfield Services*

During the year ended December 31, 2012, we paid approximately \$6.9 million for daywork drilling rig services provided by United Drilling Co. (United). A portion of such amounts was billed to other interest owners. United Rig #21 spud five new wells for us in 2012. Our principal shareholder owns 100% of the common stock of United. At December 31, 2012, \$1.1 million was due to United in connection with these services.

### *Lease of Office Space*

We leased approximately 87,000 square feet of office space in Enid, Oklahoma from Continental Management, Inc. (Continental Management), a company owned by our principal shareholder. The leases covering this space expired at the end of February 2012 (the Old Leases) and we entered into a new lease with a term of five months from March 1, 2012 to July 31, 2012 (the New Lease). During the year ended December 31, 2012, we paid \$622,000 to Continental Management under the Old Leases and New Lease with no obligations remaining at December 31, 2012.

### *Royalty and Common Ownership*

In 2012, we received \$608,000 from the Revocable Inter Vivos Trust of Harold G. Hamm (the Hamm Revocable Trust), a trust of which Harold G. Hamm, our Chief Executive Officer, Chairman of the Board and principal shareholder, is the trustee and sole beneficiary, for billings on interests owned in various oil and gas wells which we operate. We also disbursed to the Hamm Revocable Trust \$5.2 million in 2012 for the Hamm Revocable Trust's share of oil and gas sales attributed to these interests which were received from the purchasers of production. At December 31, 2012, \$193,000 was due from the Hamm Revocable Trust and \$271,000 was due to the Hamm Revocable Trust.

Wheatland Oil Inc. (Wheatland) is owned 75% by the Hamm Revocable Trust and 25% by our Vice-Chairman of Strategic Growth Initiatives, Mr. Jeffrey B. Hume. Wheatland participated in several of the Company's crude oil and natural gas properties located in the states of Mississippi, Montana, North Dakota and Oklahoma. We acquired all of Wheatland's right, title and interest to these properties pursuant to the transaction described below under Agreements

in Connection with the Wheatland Transaction. The Wheatland interests generally ranged from 5% to 10% of the Company's interests. During the year ended December 31, 2012, we disbursed net crude oil and natural gas revenues of approximately \$33.0 million to Wheatland and were paid for billed costs of approximately \$37.5 million by Wheatland in 2012. We also paid Wheatland approximately \$277,000 in 2012 for their share of undeveloped leasehold sales and adjustments. As a result of the Acquisition (as defined below) under the Purchase and Sale Agreement (as defined below), we do not anticipate making or receiving payments of the type described above to or from Wheatland in the future.

*Agreements in Connection with the Wheatland Transaction*

We entered into a Reorganization and Purchase and Sale Agreement, dated as of March 27, 2012 (the Purchase and Sale Agreement), among the Company, Wheatland and the shareholders of Wheatland. The Purchase and Sale Agreement provided for the acquisition

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(the Acquisition ) by us of all of Wheatland's right, title and interest in and to certain crude oil and natural gas properties and related assets in the States of Mississippi, Montana, North Dakota and Oklahoma (the Assets ) and the assumption of certain liabilities related thereto. The Acquisition contemplated by the Purchase and Sale Agreement was consummated on August 13, 2012 and was reviewed by a Special Committee of the Board comprised of the current members of the Audit Committee and Mr. Sanders, which recommended the Board of Directors and shareholders approve the Acquisition.

The purchase price for the Assets was approximately \$313.3 million (the Adjusted Purchase Price ), which reflected the adjustments to an unadjusted purchase price of \$340 million contemplated by the Purchase and Sale Agreement. At the closing of the transactions contemplated by the Purchase and Sale Agreement, the Adjusted Purchase Price was paid by the issuance of 3,916,157 shares of Common Stock. The number of shares issued was determined by dividing the Adjusted Purchase Price by \$80. The \$80 amount reflects the floor per share value dictated by the Purchase and Sale Agreement in the event the volume weighted average (rounded to two decimal places) of the daily sales prices for the shares of Common Stock was \$80 or less for the twenty (20) consecutive trading days on which such shares were actually traded and quoted on the NYSE, ending on and including the date that was ten (10) days prior to the Special Meeting of Shareholders on August 10, 2012 (the Closing Sales Price ). The Closing Sales Price was less than \$80, and the floor per share value was used to determine the number of shares of Common Stock issuable in connection with the Adjusted Purchase Price. All purchase price adjustments arising after August 13, 2012 under the Purchase and Sale Agreement, which amounted to \$477,415 being owed to the Company by Wheatland, have been agreed upon by the parties and are reflected in the Company's consolidated financial statements at December 31, 2012.

Pursuant to the Purchase and Sale Agreement, we entered into a registration rights agreement granting the Hamm Revocable Trust and Mr. Hume registration rights for the shares of our Common Stock that the shareholders of Wheatland received, at the direction of Wheatland, upon the closing of the Acquisition (the Registerable Securities ). Under the registration rights agreement, the Hamm Revocable Trust and Mr. Hume have demand and piggyback registration rights. The demand rights enable each of the Hamm Revocable Trust and Mr. Hume to require us to register their respective shares of Registerable Securities with the SEC at any time, subject to certain limited exceptions, including the requirement that the aggregate proceeds from the demand registration exceed \$40 million (net of underwriting discounts and commissions) and the Company is not required to effect more than four demand registrations in any three year period. The piggyback rights allow each of the Hamm Revocable Trust and Mr. Hume to register their Registerable Securities along with any shares we register with the SEC. These registration rights are subject to customary conditions and limitations, including the right of the underwriters of an offering to limit the number of shares.

***Registration Rights Agreement***

In connection with the closing of our initial public offering in May 2007, we entered into a registration rights agreement with our principal shareholder and the two irrevocable trusts established for the benefit of our principal shareholder's children pursuant to which we granted to our principal shareholder and the trusts certain demand and piggyback registration rights.

Under the registration rights agreement, our principal shareholder and each of the trusts has the one time right to require us to file a registration statement for the public sale of all or part of the shares of Common Stock owned by him or it, as applicable, at any time so long as at least six months have passed since the last demand registration statement. In connection with a demand by one of the aforementioned parties, the non-demanding parties have the right to participate in such registration process. However, in the event that securities are to be sold in an underwritten offering pursuant to such demand registration statement and the managing underwriter thereof advises the participants that the amount of securities to be offered thereby should be limited, such limitation shall be satisfied first from the



securities allocated to participants other than the demanding party.

In addition, if we sell any shares of our Common Stock in a registered underwritten offering, each of our principal shareholder and the two irrevocable trusts established for the benefit of our principal shareholder's children have the right to include his or its shares in that offering. The underwriters of any such offering have the right to limit the number of shares to be included in such sale.

We will pay all expenses relating to any demand or piggyback registration, except for underwriters' or brokers' commissions or discounts. The securities covered by the registration rights agreement will no longer be registerable under the registration rights agreement if they have been sold to the public either pursuant to a registration statement or under Rule 144 promulgated under the Securities Act.

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*Aircraft Use*

The Company allows certain affiliates to use its corporate aircraft and crews and has used the aircraft and crews of those same affiliates from time to time in order to facilitate efficient transportation of Company personnel. The rates charged between the parties vary by type of aircraft used. For usage during 2012, the Company charged affiliates approximately \$112,000 for use of its corporate aircraft and crews and was charged \$102,000 by affiliates for use of their aircraft and crews.

*Eissenstat Employment Agreement*

Mr. Eissenstat's employment agreement with the Company is dated October 14, 2010 (the "Employment Agreement") and has an effective date of December 1, 2010. The Employment Agreement's initial term expired on the second anniversary of the effective date (the "Initial Term"). Following the Initial Term, the agreement automatically renews for additional one year periods, unless terminated at least 60 days prior to the expiration date of the then current term. The Employment Agreement provides for an annual base salary of not less than \$300,000 per year, which may be increased but not decreased without Mr. Eissenstat's consent. The Employment Agreement also provides the target level for annual cash bonuses will be at least 66% of Mr. Eissenstat's base salary and for an initial award of 36,000 shares of restricted stock, vesting ratably over a three year period.

Under the currently applicable terms of the Employment Agreement, the Employment Agreement may be terminated by Mr. Eissenstat for "Good Reason" (as defined in the Employment Agreement), "In Connection With a Change of Control" (as such term is defined in the Employment Agreement) or voluntarily. Under the currently applicable terms, the Company may terminate his employment without cause, for Cause (as defined in the Employment Agreement), or due to Disability (as defined in the Employment Agreement) and the Employment Agreement would also terminate in the event of Mr. Eissenstat's death. If terminated In Connection With a Change of Control, Mr. Eissenstat would receive a lump sum payment equal to two times his base salary and bonus payable during the year in which the termination occurs and certain other accrued obligations. Additionally, all unvested shares of restricted stock held by him would vest. Finally, he and his family would receive continuation of medical, hospitalization and dental benefits for a period of 24 months. If Mr. Eissenstat's employment was terminated by the Company without cause or by Mr. Eissenstat for Good Reason, then Mr. Eissenstat would be entitled to receive a lump sum payment equal to his base salary, the bonus payable during the year in which the termination occurs and certain other accrued obligations. He and his family would also receive continuation of medical, hospitalization and dental benefits for a period of 24 months. If terminated due to Disability, Mr. Eissenstat would receive in addition to salary continuance during a seven month disability period, payment of certain accrued obligations at the time of his termination and continuance of any applicable disability benefits following his termination. If terminated due to Mr. Eissenstat's death, his heirs would be entitled to receive a lump sum payment equal to one-third of the base salary in effect at the time of his death and certain other accrued obligations. If Mr. Eissenstat's employment was terminated voluntarily or by the Company for Cause, then Mr. Eissenstat would receive payment in connection with certain accrued obligations.

**Table of Contents****Non-Employee Director Compensation****General**

The Compensation Committee reviews annually the total compensation paid to our non-employee directors. The purpose of the review is to ensure the level of compensation is appropriate to attract and retain a diverse group of directors with the breadth of experience necessary to perform our Board's duties, and to fairly compensate our directors for their service. This review includes consideration of qualitative and quantitative factors. To ensure directors are compensated relative to the scope of their responsibilities, the Compensation Committee considers: (a) the time and effort involved in preparing for Board, committee and management meetings and the additional duties assumed by committee chairs; (b) the risks associated with fulfilling fiduciary duties; and (c) the compensation paid to directors at a peer group of companies as determined by the Compensation Committee's compensation consultant.

**2012 NON-EMPLOYEE DIRECTOR COMPENSATION TABLE**

The following table summarizes the compensation of non-employee directors for the year ended December 31, 2012:

Name	Fees Earned or Paid in Cash (\$)
David L. Boren <sup>(1)</sup>	\$ 61,000
Robert J. Grant <sup>(1)</sup>	83,750
Lon McCain <sup>(1)</sup>	96,000
John T. McNabb, II <sup>(1)</sup>	93,250
Mark E. Monroe <sup>(1)</sup>	103,250
H.R. Sanders <sup>(1)</sup>	58,250
Edward T. Schafer <sup>(1)</sup>	64,000

(1) The Company did not grant any equity or equity-based awards to non-employee directors in 2012. The following restricted stock awards were outstanding as of December 31, 2012: Mr. Boren, 10,556 shares; Mr. Grant, 11,389 shares; Mr. McCain, 11,389 shares; Mr. McNabb, 10,000 shares; Mr. Monroe, 8,616 shares; and Mr. Schafer, 10,000 shares. Mr. Sanders did not have any outstanding restricted stock awards at December 31, 2012.

Directors who are also full-time employees receive no compensation for serving as directors. We reimburse all directors for reasonable out-of-pocket expenses they incur in connection with their services as directors in accordance with our general expense reimbursement policies. Non-employee directors may participate in our health and welfare benefit programs, including medical, dental, vision care, life insurance and disability insurance, which are available to all full-time employees.

**2012 Retainers / Fees**

Our 2012 cash compensation for non-employee directors consisted of an annual retainer in the amount of \$40,000 and the payment of \$1,500 for each regular Board meeting and \$750 for each special meeting attended or written consent provided. The chair of the Audit Committee was paid an annual retainer of \$18,750; the chairs of the Compensation Committee were paid their pro-rata portion of an annual retainer of \$10,000, based on time served during 2012 (\$5,000 to Mr. Sanders and \$5,000 to Mr. McCain); and the chair of the Nominating/Corporate Governance Committee was paid an annual retainer of \$7,500. Committee members other than the chairs of the committees were paid an annual retainer, adjusted where appropriate to reflect actual time served on the committee. In 2012, the annual retainer was \$7,500 for Audit Committee members and \$4,000 for members of the Compensation and Nominating/Corporate Governance Committees. In November 2011, the Board formed a Special Committee for the purpose of ensuring the interests of the Company and non-affiliate shareholders were protected in connection with the Acquisition under the Purchase and Sale Agreement, and that the Acquisition was fair to the Company and non-affiliate shareholders. Members of the Special Committee did not receive an

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annual retainer but received \$1,250 for each in person meeting and \$750 for each telephonic meeting attended. Members of any other committee receive \$1,250 for each regular meeting and \$750 for each special meeting attended or written consent provided.

**Equity-Based Compensation**

In addition to cash compensation, we have awarded and intend to continue to award restricted stock to each of our non-employee directors. Our practice has been to grant to each of our continuing non-employee directors shares of restricted stock annually, with such shares vesting three years after the date of grant. In November of 2011, each non-employee member of the Board received a restricted stock grant that included a May 25, 2015 vesting date. This grant was intended to transition the Board to receiving restricted stock grants at the Board meeting immediately following the Annual Meeting of Shareholders for a given year, commencing with the 2013 Annual Meeting of Shareholders. Accordingly, the non-employee members of the Board did not receive a restricted stock grant in 2012. The actual amount and timing of any future award may be impacted by the value of our stock at that time and other relevant factors. Through the grant of such equity-based compensation, we are able to tie a portion of our non-employee directors' compensation to the performance of our Common Stock.

In February 2008 the Board approved a Common Stock ownership requirement for non-employee directors. Each non-employee director is expected to own shares of our Common Stock with a market value equal to at least three times the base annual retainer. In addition, we currently have a policy which prohibits certain employees, including our executive officers and directors, from pledging our securities as collateral or from engaging in certain transactions which may hedge the value of our securities held by them.

Until the stock ownership guideline is achieved, each non-employee director is expected to retain 100% of the shares received as a result of restricted shares granted under our 2005 Long-Term Incentive Plan (the "2005 Plan"). The stock ownership calculation is determined as of December 31 each year based upon the average closing price of the Common Stock for the year compared to the non-employee director's base annual retainer as of such date. Shares owned directly by, or held in trust for, the non-employee director or his or her immediate family members residing in the same household and unvested restricted shares are included in the calculation. The Compensation Committee reviewed the non-employee directors' stock ownership and determined as of December 31, 2012, each non-employee director was in compliance with the stock ownership guidelines.

**EXECUTIVE COMPENSATION AND OTHER INFORMATION****Executive Officers**

Our current executive officers are named below:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Harold G. Hamm	67	Chairman of the Board and Chief Executive Officer
Winston F. Rick Bott	53	President and Chief Operating Officer
Jeffrey B. Hume	61	Vice-Chairman, Strategic Growth Initiatives
John D. Hart	45	Senior Vice President, Chief Financial Officer and Treasurer

Jack H. Stark	58	Senior Vice President, Exploration
Richard E. Muncrief	54	Senior Vice President, Operations
Steven K. Owen	57	Senior Vice President, Land
Eric S. Eissenstat	55	Senior Vice President, General Counsel and Secretary
Jose A. Bayardo	41	Senior Vice President, Business Development

For a description of the business background and other information concerning Mr. Hamm see Proposal 1: Election of Directors General above.

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**Winston F. Rick Bott** became our President and Chief Operating Officer in June 2012. Mr. Bott joined the Company from Cairn India Limited ( Cairn India ), a publicly traded oil and gas company operating the largest producing oil field in the India private sector, where he served as Executive Director and Chief Operating Officer from 2008 until 2011 and as Executive Director and Deputy Chief Executive Officer of Cairn Energy India Ltd., a subsidiary of Cairn India, from 2011 until later that year. Prior to joining Cairn India, Mr. Bott served as Vice President, International Division, of Devon Energy Corporation, an independent, domestic oil and gas company, from 2003 to 2008. From 1996 to 2003, Mr. Bott served in several international exploration roles for United Meridian Corp. and Ocean Energy, Inc., which purchased United Meridian Corp. From 1985 to 1996, he led exploration teams with British Gas and Tenneco Oil Company. Mr. Bott graduated from Texas A&M University with a Bachelor of Science in Marine Science. He also graduated from Texas A&M University with a Master of Science in Geology.

**Jeffrey B. Hume** became our Vice Chairman of Strategic Growth Initiatives in June 2012. He previously served as our President beginning on November 3, 2009 upon the relinquishment of such title by Mr. Hamm. From November 2008 to June 2012, Mr. Hume also served as our Chief Operating Officer after serving as our Senior Vice President of Operations since November 2006. He was previously appointed as Senior Vice President of Resource and Business Development in October 2005, Senior Vice President of Resource Development in July 2002, and served as Vice President of Drilling Operations from 1996 to 2002. Prior to joining us in May 1983 as Vice President of Engineering and Operations, Mr. Hume held various engineering positions with Sun Oil Company, Monsanto Company, and FCD Oil Corporation. Mr. Hume is a Registered Professional Engineer and member of the Society of Petroleum Engineers, Oklahoma Independent Petroleum Association, and the Oklahoma and National Professional Engineering Societies. Mr. Hume graduated from Oklahoma State University with a Bachelor of Science in Petroleum Engineering Technology

**John D. Hart** joined us as Vice President, Chief Financial Officer and Treasurer in November 2005. He was promoted to Senior Vice President in May 2009. Prior to joining us, he was a Senior Audit Manager with Ernst & Young LLP. Mr. Hart was employed by Ernst & Young LLP from April 1998 to November 2005 and by Arthur Andersen LLP from December 1991 to April 1998. He is a member of the American Institute of Certified Public Accountants and the Oklahoma Independent Petroleum Association. Mr. Hart graduated from Oklahoma State University with a Master's of Science in Accounting

**Jack H. Stark** has served as our Senior Vice President of Exploration since May 1998. He joined the Company in June 1992 as Vice President of Exploration and served on the Board from May 1998 until his term expired in May 2008. Prior to joining us, Mr. Stark was Exploration Manager for the Western Mid-Continent Region for Pacific Enterprises from 1988 to 1992 and he held various staff and middle management positions with Cities Service Company, Texas Oil and Gas and Western Nuclear from 1978 to 1988. Mr. Stark holds a Master of Science in Geology from Colorado State University and is a member of the American Association of Petroleum Geologists, Oklahoma Independent Petroleum Association, Rocky Mountain Association of Geologists, Houston Geological Society and the Oklahoma City Geological Society.

**Richard E. Muncrief** joined us as Senior Vice President, Operations in June 2009 with 29 years of upstream and midstream energy experience. Prior to joining the Company, he was employed from August 2008 through May 2009 by Resource Production Company, where he served as Corporate Business Manager. From September 2007 to August 2008 he served as President, Chief Operating Officer and as a director of Quest Midstream Partners, LP in Oklahoma City. From 1980 to 2007, he served in various managerial capacities with ConocoPhillips, Inc. and its predecessor companies, Burlington Resources, Meridian Oil and El Paso Exploration. In 2006 and 2007 he was operations manager for the San Juan Basin Unit in Farmington, New Mexico, managing a 260-employee organization that was one of ConocoPhillips' largest business units. Prior to that, Mr. Muncrief served as general manager of Operations of Burlington Resources. From 1998 to 2000, he served as Fruitland Coal Asset Manager in the San Juan Division. Prior to this role, he served in various management capacities that were responsible for production, drilling engineering, joint interest engineering and reservoir engineering. Mr. Muncrief earned his Bachelor of Science in Petroleum Engineering Technology from Oklahoma State University

**Steven K. Owen** joined us as Senior Vice President, Land in September 2010. He came with three decades of experience in land management, including exploration, exploitation, acquisition and maintenance of oil and gas assets. He has worked extensively in many oil and gas plays across the United States. Prior to joining the Company, Mr. Owen served as land manager for Pioneer Natural Resources USA, Inc. from 1987 to 2010 where he managed the Permian Basin and Mid-Continent Divisions. He has won numerous awards for outstanding performance in Permian operations and is a member of the Permian Basin Landmen's Association and the American Association of Petroleum Landmen. Mr. Owen earned his Bachelor of Arts from Emporia State University in Kansas with concentrations in Business Law, Oil and Gas Law and Biology.

**Eric S. Eissenstat** joined us as Senior Vice President and Chief Legal Officer in December 2010. In August 2011, his title was changed to Senior Vice President, General Counsel and Secretary. He joined the Company with 27 years of experience in complex business and



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commercial matters, oil and gas, and litigation. Prior to joining the Company, he served as director with Fellers, Snider, Blankenship, Bailey & Tippens, P.C. in Oklahoma City from 1983 to 2010. Mr. Eissenstat is a Fellow of the Litigation Counsel of America, has held leadership positions in the Oklahoma Bar Association and Oklahoma County Bar Association and is a Member of the Oklahoma Independent Petroleum Association. While in private practice, Mr. Eissenstat was listed in Best Lawyers in America, Chambers USA, and was selected as a Top Ten Lawyer by Oklahoma Super Lawyers. Mr. Eissenstat earned his Bachelor of Science with honors in Political Science from Oklahoma State University and his Juris Doctor with honors from the University of Oklahoma where he was awarded Order of the Coif.

**Jose A. Bayardo** joined us as Senior Vice President, Business Development in April 2012. Mr. Bayardo was with Complete Production Services, Inc. ( Complete ) and its predecessor companies from April 2003 through its merger with Superior Energy Services, Inc. in February 2012, at which time he left Complete. He served as Chief Financial Officer for Complete since October 2008. Prior to assuming the role of Chief Financial Officer, Mr. Bayardo served as Vice President of Corporate Development and Investor Relations, beginning in February 2007. During his time with Complete, Mr. Bayardo served in both corporate development and operations roles. From April 2006 to January 2007 he served as Vice President of the Integrated Production Services Division's Rocky Mountain and Mid-Continent Operations. From April 2003 to April 2006 he served as Vice President of Corporate Development for Complete and one of its predecessor companies. Prior to joining Complete, Mr. Bayardo was an investment banker with J.P. Morgan. Mr. Bayardo received a Master of Business Administration from the Kellogg Graduate School of Management at Northwestern University and a Bachelor of Science in Chemical Engineering from the University of Texas at Austin.

## ***Compensation Discussion and Analysis***

### ***Overview and Compensation Objectives***

We are an independent crude oil and natural gas exploration and production company with properties in the North, South and East regions of the United States. Our primary business goal is to increase shareholder value by finding and developing crude oil and natural gas reserves at costs that provide an attractive rate of return on our investment. We operate in a highly competitive environment for acquiring properties, marketing crude oil and natural gas, and securing trained personnel.

We believe the loss of the services of our senior management or technical personnel could have a material adverse effect on our operations. Accordingly, we have designed our executive compensation program to attract, retain, and motivate experienced, talented individuals to achieve our primary business goal, using the business strategies discussed in greater detail in our Annual Report on Form 10-K.

The Compensation Committee of our Board is the body responsible for implementing our executive compensation programs and ensuring our compensation objectives are met. The Compensation Committee is currently comprised of Messrs. McCain, Grant and Schafer, each of whom is independent. The Compensation Committee's charter may be found in the Corporate Governance section of our website at [www.clr.com](http://www.clr.com). A printed copy of the charter will be made available to any shareholder who requests it from our Secretary.

### ***Role of Compensation Committee***

The Compensation Committee is responsible for implementing and administering all aspects of our benefit, compensation plans, and programs for our executive officers. The Compensation Committee annually reviews and determines the individual elements of total compensation of the named executive officers ( NEOs ) who appear in the compensation tables of this proxy statement as well as our other executive officers. The Compensation Committee viewed the 99% vote in favor of approving the compensation of the Company's named executive officers received at the 2011 Annual Meeting of Shareholders as a validation of the Company's approach to executive compensation and determined, subject to the modifications discussed below, it was appropriate to continue structuring the compensation of the Company's NEOs consistent with prior practices during 2012.

In 2012, the Compensation Committee modified its approach to the compensation process to include an evaluation of how the following elements of our compensation program compare to similar compensation awarded by the 2012 Survey Group (defined below), with the Compensation Committee considering how the indicated elements of our compensation compare to the percentiles indicated below:

Base pay generally 50<sup>th</sup> percentile of the 2012 Survey Group;

Cash bonus generally 50<sup>th</sup> percentile of the 2012 Survey Group; and

Long-term incentive equity awards between the 50<sup>th</sup> and 75<sup>th</sup> percentile of the 2012 Survey Group.

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Although the Compensation Committee's general approach is to award each element of compensation so that it aligns as closely as possible to the percentiles indicated above, the Compensation Committee always considers an individual executive officer's performance and any final award also reflects the Compensation Committee's discretion. The Compensation Committee believes that targeting total cash (base pay and cash bonus) at the 50<sup>th</sup> percentile results in competitive cash compensation while preserving considerable upside potential in connection with cash bonus awards should Company and individual executive performance merit a higher bonus. The Committee believes targeting long-term incentive equity awards between the 50<sup>th</sup> and 75<sup>th</sup> percentile helps align overall pay with shareholder interests, by putting greater weight on an element of compensation whose value directly reflects the performance of the Company.

In 2012, the Compensation Committee retained the services of an independent compensation consulting firm, Longnecker and Associates. Longnecker reports directly to the Compensation Committee. During 2012, the consulting firm provided an analysis of market compensation based upon its review of compensation paid by exploration and production companies similar to us in revenues, total assets, and market capitalization. During 2012, Longnecker provided no services other than the compensation study requested by the Compensation Committee, except for analysis of market compensation with respect to a limited number of positions on an ad hoc basis, resulting in fees less than \$120,000.

In 2012, the Company's management also retained the services of an independent consulting firm Mercer LLC ( Mercer ). Mercer reported to the Company's management. During 2012, Mercer was retained to assist the Company in designing a cash bonus plan applicable to certain employees, including the Company's executive officers, reflecting current market practices of providing an annual payment of cash bonuses, starting with bonuses for 2013, which we expect to pay in 2014. During 2012, Mercer provided no services other than assisting in the design of the cash bonus plan which resulted in fees of \$45,000.

The Compensation Committee has assessed the independence of Longnecker in accordance with standards set forth in rules promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act ) and concluded no conflict of interest exists that would prevent Longnecker from independently representing the Compensation Committee. The Company's management has reviewed its relationship with Mercer in accordance with standards set forth in rules promulgated under the Exchange Act and concluded that no conflict of interest exists with respect to Mercer's engagement.

Since Mr. Hamm beneficially owns a substantial majority of our outstanding shares of Common Stock and is our Chief Executive Officer, he provides the Compensation Committee a substantial amount of input regarding the compensation of our executive officers. Initially, the Compensation Committee as well as our Chief Executive Officer and our President review the Longnecker report regarding the analysis of market compensation. Our Chief Executive Officer and our President are then responsible for making recommendations of compensation for individual executive officers of the Company, other than themselves. With respect to each of our Chief Executive Officer and our President, our President and our Chief Executive Officer, respectively and individually, make recommendations for the other's compensation amounts. In making recommendations for executive officer compensation, our Chief Executive Officer and our President primarily rely on the Longnecker report, but also take into account factors including, but not limited to, the following:

the overall performance of the Company;

such executive's contribution to the overall performance of the Company;

such executive's business responsibilities;

such executive's relative compensation to other executives;

such executive's current compensation arrangements; and

such executive's ability to enhance the ability of the Company to generate long-term shareholder value. Once our Chief Executive Officer and our President have made their compensation recommendations, the Compensation Committee reviews their recommendations and makes such changes as it feels appropriate, if any, to adequately meet our compensation objectives and approach on an individual basis, as discussed above. With respect to the recommendation of our President as to our Chief Executive Officer's compensation, such recommendation is reviewed by the Compensation Committee. Once this review has occurred, the Compensation Committee reviews and approves our Chief Executive Officer's compensation and recommends it for approval by the Board. During 2012, no further adjustments were made to our Chief Executive Officer's compensation after his compensation was set by the members of the Compensation Committee. The Board, other than Mr. Hamm, our Chief Executive Officer, unanimously affirmed the cash bonus award set by the Compensation Committee for our Chief Executive Officer for services rendered during 2012 and the compensation package set for our Chief Executive Officer for 2013.

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**Table of Contents***Implementing Our Compensation Approach and Objectives*

***Determining Compensation.*** We rely upon our judgment in making compensation decisions, after considering the recommendations of our independent compensation consultant, Longnecker, reviewing the performance of the Company, and evaluating an NEO's contribution to that performance, including his business responsibilities, current compensation elements, and long-term potential to enhance shareholder value. Specific operational and financial factors affecting compensation decisions for our NEOs include production growth, reserve growth, safety performance, stock price performance, finding and development costs, production costs, earnings, cash flow, operating income, and return on equity. During 2012, we did not assign specific individual goals to our NEOs to be used by the Compensation Committee in the determination of compensation for such officers.

While we do not apply rigid formulas in determining the amount and mix of compensation elements, we consider the performance of the Company against the performance measures described in the preceding paragraph. Because our compensation programs are relatively simple, and we do not have complex equity plans or significant change in control or severance obligations, the Compensation Committee does not use tally sheets in analyzing the compensation of our NEOs, but does review each element of compensation as described in this proxy statement in evaluating and approving the total compensation of each of our NEOs. As described below, during 2012, we relied on the formulaic achievement of financial goals only when establishing the aggregate bonus pool from which bonuses may be paid to the NEOs, and even in this circumstance the Compensation Committee exercised its discretion to increase the size of the aggregate bonus pool. We consider competitive market compensation paid by other companies similar in size and operations to us, but historically we have not attempted to maintain a certain target percentile within that survey group or otherwise exclusively rely on such data to determine compensation for the NEOs. In 2012, the Compensation Committee utilized objectives for the various pay elements as discussed above. We do, however, maintain and incorporate flexibility into our compensation programs and in the assessment process to respond to and adjust for the evolving business environment. The total compensation of the Chief Executive Officer, which is significantly higher than our other NEOs, reflects his critical role in the founding and development of the Company as well as the future success of the Company.

***Compensation Survey Group.*** As the Company continues to grow, the Compensation Committee and Longnecker frequently review our peer group to ensure we are using publicly traded exploration and production companies similar in size and operations to us. Our 2010 compensation survey group (the 2010 Survey Group) included Cabot Oil & Gas Corporation, Cimarex Energy Co., Concho Resources Inc., Denbury Resources Inc., Forest Oil Corporation, Newfield Exploration Company, Petrohawk Energy Corporation, Pioneer Natural Resources Company, Range Resources Corporation, Ultra Petroleum Corp., and Whiting Petroleum Corporation. In 2011, we included the same companies in our compensation survey group as were used in 2010 (the 2011 Survey Group). In 2012, our crude oil and natural gas revenues increased by 151% over 2010 and our market capitalization increased by 36% over 2010, which resulted in Longnecker recommending a new compensation peer group that more closely matches the Company's current status. The 2012 compensation survey group (the 2012 Survey Group) included Cabot Oil & Gas Corporation, Cimarex Energy Co., Concho Resources Inc., Denbury Resources Inc., Linn Energy, LLC, Newfield Exploration Company, Noble Energy, Inc., Pioneer Natural Resources Company, Plains Exploration & Production Company, Range Resources Corporation, SandRidge Energy, Inc., Southwestern Energy Company and Whiting Petroleum Corporation.

*Elements of Compensation*

The principal elements of our compensation program are a base salary, an annual cash bonus, and a long-term incentive award. All base salary adjustments, annual cash bonuses, and long-term incentive awards for NEOs have been determined on a discretionary basis and while not directly linked to specific corporate goals or objectives, the overall performance of the Company as well as individual performance were considered in determining pay. Each element of our compensation program impacts the awards made under the other elements of the program to the extent the Compensation Committee considers the awards made under each element in setting the value of the overall compensation package to be awarded to each NEO.

**Base Salary.** The objective of the base salary component is to attract and retain officers by paying a competitive wage commensurate with such officer's experience, skills, and responsibilities. Base salary is intended to provide each NEO a regular source of income and compensate him for performing the responsibilities associated with his position. Base salary also impacts annual cash bonus awards and long-term incentive awards in that the target size of these awards is expressed as a percentage of base salary. Mr. Hamm's base salary was \$890,000 as of December 2011. As of December 2012, Mr. Hamm's base salary was increased to \$934,500. Our compensation consulting firm reported the 50<sup>th</sup> and 75<sup>th</sup> percentile amounts for base salaries for the comparable position in the 2012 Survey Group were \$837,581 and \$1,007,245, respectively. In setting Mr. Hamm's base salary above the 50<sup>th</sup> percentile, the

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Compensation Committee took the following factors into consideration, the Company's strong production and reserve growth, the continued expansion of the Company's drilling inventory, the additions to the Company's executive team and the successful relocation of the Company to Oklahoma City.

With respect to our other NEOs, Mr. Hamm recommends their base salaries to the Compensation Committee for approval. In establishing the base salaries for the other NEOs, Mr. Hamm and the Compensation Committee consider the compensation paid to named executive officers occupying comparable positions within the survey groups.

During 2012, the aggregate salaries for our NEOs, excluding Mr. Hamm, increased 7.7% in order to satisfy our objective of paying salaries at competitive levels. Our compensation consulting firm reported the 50<sup>th</sup> percentile amounts for base salaries for the second highest paid named executive officer through the fifth highest paid named executive officer in the 2012 Survey Group ranged to \$507,560 from \$369,200. This compares to a base salary range of \$548,100 to \$380,000 paid to our second through fifth highest paid NEO. As of December 2012, the base salaries of Messrs. Bott, Stark, Hart, and Muncrief were \$548,100, \$384,400, \$380,000, and \$380,000, respectively (collectively, with Mr. Hamm's increase to \$934,500, the December 2012 Salary Levels). In setting the base salary of our NEOs, excluding Mr. Hamm, above the 50<sup>th</sup> percentile, the Compensation Committee took the following factors into consideration, the Company's strong production and reserve growth, the continued expansion of the Company's drilling inventory, improved drilling and operating efficiencies and the Company's successful capital markets activities during 2012.

In the future, we expect the base salaries of the NEOs will be reviewed on an annual basis and adjusted as necessary to remain competitive. We expect future base salary adjustments for such officers will be comparable to future adjustments made to base salaries of named executive officers occupying comparable positions within our compensation survey group.

**Annual Cash Bonus.** Our NEOs may earn annual cash bonuses as a reward for their individual contribution to the achievement of annual financial and operating results as determined by the Compensation Committee. The individual cash bonuses paid to the NEOs for 2012 and prior years have been determined on a discretionary basis. Annual cash bonus differences between NEOs are based on the Compensation Committee's subjective evaluation of the relative individual contribution to the achievement of our annual financial and operating results as well as the performance of that individual's department of the Company (i.e. drilling, exploration, financial, resource development). In making its evaluation, the Compensation Committee places significant weight on input provided by our Chief Executive Officer and our President.

Annual cash bonuses to all of our executive officers, including the NEOs, are paid from an initial bonus pool that is equal to 0.375% of adjusted net income. If the conditions described below are met, the annual aggregate initial bonus pool for executive officers will be equal to 0.375% of earnings before interest expense, depreciation, depletion, amortization and accretion, property impairments, unrealized derivative gains or losses, and non-cash compensation expense (EBIDA), which results in a larger cash pool from which bonuses may be paid. The Compensation Committee has discretion to pay bonuses to our executive officers equal to any portion or none of the total available funds in the pool. In addition, the Compensation Committee may elect to award annual cash bonuses to NEOs in an aggregate amount that exceeds the amount calculated from adjusted net income or EBIDA. We consider EBIDA to be a strong indicator of operating performance. The conditions that must be satisfied for the bonus pool to be established based on EBIDA rather than adjusted net income are:

an increase in equivalent production for the current year compared to the prior year, and

proved reserve additions from drilling activities of at least 120% of production.

During 2012, both conditions were satisfied as production increased 58% over the 2011 level and reserve additions from drilling activities were 654% of production. For the 2012 performance year, the Compensation Committee reviewed our production growth, reserve growth, and total shareholder return (the Considered Items ) over one and three year periods ending December 31, 2011 compared to bonus payouts by the 2012 Survey Group over the same periods. In its review of the Considered Items, the Compensation Committee noted that over the one and three year periods considered, the Company s performance with respect to the Considered Items relative to the 2012 Survey Group was above the 75<sup>th</sup> percentile, while the Company s bonus payouts to its executive officers were between the 25<sup>th</sup> and 50<sup>th</sup> percentile for the year ended December 31, 2011 and below the 25<sup>th</sup> percentile for the three year period ended December 31, 2011. The Compensation Committee also reviewed the Company s performance with respect to the Considered Items for the year ended December 31, 2012 and the estimate provided by Mercer of the 2012 Survey Group s performance with respect to the Considered Items which indicated that in 2012 the Company would again deliver performance above the 75<sup>th</sup> percentile with respect to the Considered Items. Based on the Company outperforming the 2012 Survey Group with respect to the Considered



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Items and the positive factors discussed above under Base Salary and the Company making bonus payouts below the median of the amounts paid by the 2012 Survey Group during the periods examined, the Committee used their discretion to increase the initial pool amount from 0.375% of EBIDA to 0.51% of EBIDA.

The bonus amount for each NEO is determined at the discretion of the Compensation Committee. Based upon a market analysis of annual cash bonuses paid by the 2012 Survey Group, our compensation consulting firm recommended annual bonus targets, as a percent of December 2012 Salary Levels of 100%, 95%, 80%, 70%, and 70% for Messrs. Hamm, Bott, Hart, Muncrief and Stark, respectively. The annual bonuses for 2012 awarded, as a percent of December 2012 Salary Levels, were 214% for Mr. Hamm, 146% for Mr. Bott and 158%, 158% and 156% for Messrs. Hart, Muncrief and Stark, respectively. Longnecker reported the 50<sup>th</sup> percentile amount for bonus targets as a percent of base salary for positions comparable to Mr. Hamm's in the 2012 Survey Group was 100%. Longnecker also reported that the 50<sup>th</sup> percentile amounts of bonus targets as a percent of base salary for the second highest paid named executive officer through the fifth highest paid named executive officer in the 2012 Survey Group ranged to 90% from 75%. In setting our NEO's bonus targets as a percent of December 2012 Salary Levels above the 50<sup>th</sup> percentile, the Compensation Committee considered the same items as described above in connection with the discussion of the Compensation Committee's decision to increase the pool amount to 0.51% of EBIDA.

On February 22, 2013, the Compensation Committee approved a cash bonus plan that will apply to certain employees of the Company, including the Company's executive officers (the CLR Bonus Plan). The CLR Bonus Plan is designed to reward the Company's employees and executive officers for achieving annual performance and strategic goals. The CLR Bonus Plan provides for the annual payment of cash bonuses, starting with bonuses for 2013, which we expect to pay in 2014.

Under the CLR Bonus Plan, the bonus pool will be initially set based on the aggregate target bonus amount of all employees participating in the CLR Bonus Plan. The size of the bonus pool will be initially set within a range based on the following factors: production growth (weighted at 40%); reserve growth (weighted at 35%); and adjusted earnings per share (weighted at 25%). The Compensation Committee has complete discretion to increase, decrease or leave the size of the pool unchanged. In making the determination whether to adjust the size of the pool, the Compensation Committee will consider such matters as it deems relevant, including the Company's performance against key strategic and other initiatives identified by the Compensation Committee in areas such as health, safety and environmental, production costs and cycle times, maintenance of financial and other ratios, budget compliance and business process improvements.

Annual cash bonuses for the NEOs are determined after completion of the year-end audited financial statements and reserve report. We have not adopted a policy regarding the adjustment or recovery of previously paid annual cash bonuses in the event our adjusted net income or EBIDA, as applicable, are restated or otherwise adjusted in a manner that would have the effect of reducing the size of the aggregate annual cash bonus pool.

***Long-Term Incentive Awards.*** The objective of our long-term incentive awards is to retain and motivate our executives over the long-term. In October 2012, we granted 199,344 shares of restricted common stock to NEOs which vest in 2016. The October 2012 grant was intended to transition the NEOs to receiving restricted stock grants in February of each year, expected to begin in February 2014. The Compensation Committee believes moving to a February review and grant will allow for a full evaluation of prior year performance in connection with determining long-term incentive awards. The grants made in 2012 are more fully described below under Grants of Plan Based Awards.

The long-term incentive award for each NEO is determined at the discretion of the Compensation Committee using the approach described above under Role of Compensation Committee. Differences in long-term incentive awards are based on the Compensation Committee's subjective evaluation of the expected relative individual contribution to the achievement of our long-term financial and operating results. The value of unvested equity awards held by an individual was considered in the determination of the 2012 restricted stock awards and we expect the value of unvested equity awards will be a factor in future awards.

Based upon a market analysis of annual long-term incentive awards granted by the 2012 Survey Group, Longnecker recommended the Company award each of the NEOs long-term incentive compensation having a value between the 50<sup>th</sup> and 75<sup>th</sup> percentile of the amount of long-term incentive compensation awarded to those occupying comparable positions within the 2012 Survey Group for an annual period. The table below sets forth for each NEO: (i) the amount of the award recommended by Longnecker as a percentage of December 2012 salary levels at the 50<sup>th</sup> and 75<sup>th</sup> percentile for an annual period; (ii) the amount of the actual 2012 long-term incentive award expressed as a percentage of December 2012 Salary Levels; and (iii) the amount of the actual 2012 long-term incentive award,

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expressed as a percentage of December 2012 Salary Levels, adjusted to show the amount of the award expressed as percentage of December 2012 Salary Levels for an annual period. The adjusted amount is shown due to the fact the actual awards were adjusted to reflect a transition to a February grant cycle and thus are intended to compensate the applicable NEO for a period longer than a year.

<b>Named Executive Officer</b>	<b>Percentage of December 2012 Salary Level at 50<sup>th</sup> Percentile of 2012 Survey Group</b>	<b>Percentage of December 2012 Salary Level at 75<sup>th</sup> Percentile of 2012 Survey Group</b>	<b>Actual Award as a Percentage of December 2012 Salary Level</b>	<b>Actual Award as a Percentage of December 2012 Salary Level on Annualized Basis</b>
Harold G. Hamm	448%	647%	772%	618%
Winston F. Rick Bott	394%	526%	126%	503%
John D. Hart	393%	526%	597%	477%
Richard E. Muncrief	291%	435%	519%	415%
Jack H. Stark	328%	465%	556%	445%

Historically, the awards granted to NEOs have been in the form of stock options and restricted stock designed to motivate the officers to increase the value of our Common Stock. The vesting provisions of the awards encourage our officers to remain in our employ in order to realize these forms of compensation. However, our current equity programs consist of restricted stock awards, which we believe are stronger motivational tools for employees. Restricted shares provide some value to an employee during periods of stock market volatility, while stock options may have limited perceived value and may do little to retain and motivate employees when the current value of our stock is less than the option price.

The Compensation Committee awarded Mr. Bott 91,500 shares of restricted stock in connection with his decision to join the Company, in recognition of the significant contributions that Mr. Bott was expected to make to the Company's growth in his role as President and Chief Operating Officer. Mr. Muncrief was awarded 7,500 shares of restricted stock by the Compensation Committee in order to bring the number of restricted shares granted to Mr. Muncrief into parity with other awards made to executive officers.

Although our 2005 Plan allows for various equity instruments, we currently intend to make future grants primarily in the form of restricted stock. If the 2013 Plan is approved by shareholders, future grants will be made pursuant to the terms of that plan instead of the 2005 Plan. For a description of the 2013 Plan, please see Proposal 2: Approval of the Company's 2013 Long-Term Incentive Plan below.

We currently have a policy which prohibits certain employees, including our executive officers and directors, from pledging our securities as collateral or from engaging in certain transactions which may hedge the value of our securities held by them.

In February 2008, the Compensation Committee adopted a Common Stock ownership requirement for the Chief Executive Officer, President, Chief Financial Officer, and the Senior Vice Presidents. Each such officer is expected to own shares of our Common Stock at least equal to a specified multiple of such officer's base salary. This policy was subsequently amended to impose these ownership requirements on the Chief Operating Officer as well. The base

salary multiples are five times for the Chief Executive Officer, Chief Operating Officer and President and three times for the other officers.

Until the stock ownership guideline is achieved, each such officer is expected to retain 100% of the net shares received as a result of restricted shares granted under our 2005 Plan and 2013 Plan, if approved by shareholders. Net shares are the number of shares that remain after shares are sold or withheld to pay withholding taxes. The calculation is determined December 31 each year based upon the average closing price of the Common Stock for the year compared to the officer's base salary as of such date. Shares owned directly by, or held in trust for, the officer or his or her immediate family members residing in the same household and unvested restricted shares are included in the calculation.

The Compensation Committee will review the compliance of each executive officer with the stock ownership guidelines each year and reduce or eliminate future restricted stock grants under the 2005 Plan and 2013 Plan, if approved by shareholders, for any executive officer not in compliance with the stock ownership guidelines. The Compensation Committee reviewed the NEOs' stock ownership for 2012 and determined each NEO was in compliance with the guidelines.

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The restricted stock awards provide for immediate vesting upon a change of control, as defined by the 2005 Plan. Awards made under the 2013 Plan will also immediately vest on a change of control, as defined in the 2013 Plan. We would likely need the assistance of several key employees to successfully conclude a transaction that would result in a change in control. We believe immediately vesting the awards may serve to reduce concerns, other than continued employment, such employees may have with respect to any potential change in control transaction and may motivate them to complete the transaction.

Our 2005 Plan allows for the award of performance units and bonuses that vest upon achievement of performance targets. The performance targets are based upon operational, financial, and stock performance criteria, such as reserve additions, finding and development costs, production volume and costs, earnings, cash flow, operating income, return on equity, stock price appreciation, and relative stock price performance. We have not awarded performance units or bonuses under the 2005 Plan and have not determined if we will do so in the future, if the 2013 Plan is not approved by shareholders. If the 2013 Plan is approved by shareholders, we will not make any additional awards under the 2005 Plan.

For a description of the types of awards that may be made under the 2013 Plan, if approved by shareholders, please see Proposal 2: Approval of the Company's 2013 Long-Term Incentive Plan below.

**Other.** Our other compensation is designed to attract and retain employees by enhancing our overall compensation package. We provide automobiles to certain of the NEOs and certain other employees for business and personal use. The personal use is valued according to IRS guidelines and reported as taxable income to the individuals. We value vehicle usage for disclosure in our proxy statement based upon the aggregate incremental cost to us adjusted to reflect each individual's personal use of the vehicle.

In 2012, we allowed Mr. Hamm and Mr. Bott to use the corporate aircraft for personal trips. The value of such trips is calculated according to IRS guidelines and reported as taxable income to them. Aircraft usage is valued for disclosure in our proxy statement based on the aggregate incremental cost to us.

We have a defined contribution retirement plan ( 401K ) covering all our full-time employees, including the NEOs. Our contributions to the plan are discretionary and based on a percentage of eligible compensation. Our contribution to the plan for each eligible employee during 2011 was a maximum of 6% of the covered employee's eligible compensation, depending on the employee's level of contribution into the employee's account. As of January 1, 2012, the contribution level was amended up to a maximum of 7% of the covered employee's eligible compensation depending on the employee's level of contribution into the employee's account.

All full-time employees, including the NEOs, may participate in our health and welfare benefit programs, including medical, dental, vision care, life insurance and disability insurance. We provide all full-time employees, including the NEOs, with life insurance coverage of the lesser of two times base salary or \$500,000 and allow them to purchase incremental amounts above this. We do not sponsor any qualified or non-qualified defined benefit plans.

In connection with the relocation of the Company's headquarters from Enid, Oklahoma to Oklahoma City, Oklahoma, the Company offered a relocation package (the Relocation Package ) containing the features described below to approximately 79% of the employees, including the NEOs, other than Mr. Bott. The Company is implementing the Relocation Package through a contract with Weichert Relocation Resources, Inc. ( Weichert ). Under the terms of the Relocation Package, employees are entitled to: (i) receive a payment equal to four weeks' salary to assist in defraying miscellaneous relocation costs; (ii) elect to have their home purchased by Weichert based on an appraised value, if

certain conditions are satisfied; (iii) receive incentive payments if they are able to sell their homes under certain conditions; and (iv) receive reimbursement for a portion of their loss if their home sells for less than its appraised value or the actual price paid by the employee for the home (using whichever measure would result in a larger reimbursement). Other benefits available in the Relocation Package include packing and transportation of household goods, reimbursement of duplicate housing costs and closing costs in connection with an employee's home sale and purchase transactions. Under the terms of its agreement with Weichert, the Company reimburses Weichert to the extent it incurs costs in connection with providing any of the benefits described above.

*Impact of Accounting and Tax Treatment*

We believe it is important to have flexibility in designing the compensation program in a manner to achieve the objectives described above under Compensation Objectives. Therefore, while we consider the accounting and tax treatment of certain forms of compensation in the design of our compensation program, the accounting and tax treatment is not a determinative factor.

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Under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), a publicly-held company can deduct for federal tax purposes no more than \$1 million of annual compensation paid to its principal executive officer and each of its three other most highly-paid officers other than the principal financial officer. The Section 162(m) restriction applies to salary, bonuses, and other compensation not directly tied to performance. Our compensation program has not met the requirements for tax deductibility of annual compensation in excess of \$1 million because the relevant compensation is not payable solely on account of the attainment of one or more performance goals. However, the 2013 Plan has been drafted to satisfy the requirements for the performance-based compensation exception, although the Company may determine that it is in its best interests not to satisfy the requirements for the exception.

**Insider Trading Policy**

Our insider trading policy provides that executive officers and directors may not purchase or sell puts or calls to sell or buy our stock, engage in short sales with respect to our stock or buy our securities on margin or pledge our securities as collateral for a loan. The purchase or sale of stock by our officers and directors may only be made during a window of time described in our policy and after approval by our General Counsel.

**Summary Compensation Table**

The following table sets forth the compensation of our Principal Executive Officer, Principal Financial Officer, and the three other most highly compensated executive officers. We refer to these five individuals collectively as the NEOs for 2012.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)<sup>(2)</sup></b>	<b>All Other Compensation (\$)<sup>(3)</sup></b>	<b>Total (\$)</b>
Harold G. Hamm	2012	\$ 896,504	\$ 2,000,000	\$ 7,218,961	\$ 88,818	\$ 10,204,283
	2011		1,250,000	3,670,753	46,864	5,823,771
Chairman of the Board and Chief Executive Officer	2010	856,154	750,000	3,329,565	92,000	4,979,257
		807,692				
Winston F. Rick Bött	2012	298,946	800,000	6,797,862	113,698	8,010,506
President and Chief Operating Officer						
John D. Hart	2012	362,923	600,000	2,267,495	26,961	3,257,379
	2011	343,077	330,000	1,048,876	60,816	1,782,769
Senior Vice President, Chief Financial Officer and Treasurer	2010	297,692	287,500	1,043,595	14,076	1,642,863
Richard E. Muncrief	2012	337,308	600,000	2,659,148	73,253	3,669,709
	2011					
Senior Vice President, Operations	2010	317,308	335,000	943,800	25,758	1,621,866
		268,462	265,000	894,510	23,785	1,451,757
Jack H. Stark	2012	363,566	600,000	2,137,558	53,502	3,154,626
	2011	338,846	350,000	996,653	17,727	1,703,226

Senior Vice President, Exploration	2010	309,615	265,000	993,900	14,950	1,583,465
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- (1) Mr. Bott's compensation reflects the period from May 31, 2012, the date of commencement of Mr. Bott's employment to December 31, 2012.
- (2) The amounts under "Stock Awards" reflect the aggregate grant date fair value computed in accordance with FASB Accounting Standards Codification (ASC) Topic 718, for awards granted during the indicated year. A discussion of the assumptions used in calculating these values can be found in Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the SEC. See "Grants of Plan Based Awards" for additional information regarding grants made in 2012.



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(3) All Other Compensation includes the following elements:

Name	Year	Personal Use of Personal Use of Contributions		Relocation	Other	Total
		Company Aircraft (\$) <sup>(a)</sup>	Company Vehicle (\$) <sup>(b)</sup>			
Harold G. Hamm	2012	\$ 55,473	\$ 1,040	\$ 17,500	\$ 14,805 <sup>(d)</sup>	\$ 88,818
Winston F. Rick Bott	2012	19,085		15,545	79,068 <sup>(e)</sup>	113,698
John D. Hart Richard E. Muncrief	2012		7,731	17,500	1,730 <sup>(f)</sup>	26,961
Jack H. Stark	2012		10,034	17,500	45,719 <sup>(g)</sup>	73,253