

CONTINENTAL RESOURCES INC  
Form DEF 14A  
April 26, 2012  
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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)

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

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**CONTINENTAL RESOURCES, INC.**

**20 N. Broadway**

**Oklahoma City, Oklahoma 73102**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON JUNE 14, 2012**

TO THE HOLDERS OF SHARES OF COMMON STOCK:

The 2012 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 June 14, 2012, at 10:00 a.m. C.D.T., for the following purposes:

1. To elect three members to our Board of Directors to serve until the Annual Meeting of Shareholders in 2015 and until their successors are duly elected and qualified, or until their earlier resignation or removal.

2. To ratify the selection of Grant Thornton LLP as our independent registered public accounting firm.

3. 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 April 17, 2012 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 vote only online unless you notify us that 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.**

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BY THE ORDER OF THE BOARD OF DIRECTORS

/s/ Eric S. Eissenstat

Eric S. Eissenstat

Secretary

DATED: May 4, 2012

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

**THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 14, 2012**

**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.**

**PROXY STATEMENT**

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**JUNE 14, 2012**

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**PROXY STATEMENT**

**CONTINENTAL RESOURCES, INC.**

**20 N. Broadway**

**Oklahoma City, Oklahoma 73102**

**2012 ANNUAL MEETING OF SHAREHOLDERS**

**QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING**

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

Our 2012 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 June 14, 2012, 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 were 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 May 4, 2012, we plan to mail to beneficial owners of shares registered in the name of a broker, bank, dealer 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 May 4, 2012 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 April 17, 2012. On that date, we had 181,028,205 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 April 17, 2012 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 April 17, 2012 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer, 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, dealer or other nominee record holder.

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

There are two proposals scheduled for a vote:

Election of three directors to serve until the Annual Meeting of Shareholders in 2015 and until their successors are duly elected and qualified, or until their earlier resignation or removal; and

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

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

You may either vote For a nominee to the Board or you may Withhold Authority regarding your vote for any nominee you specify. For Proposal 2, 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 or Bank*

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 that 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, or bank to request a proxy form.



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### **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 April 17, 2012.

### **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 that 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 181,028,205 shares issued and outstanding and entitled to vote. Therefore, 90,514,103 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.

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### **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 recorder 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 is not considered a routine proposal under applicable NYSE rules.

### **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 ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm?**

In voting on the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the year ended December 31, 2012, you may vote For or Against the proposal or Abstain from voting.

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

The ratification of the appointment of Grant Thornton LLP 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.

### **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 good and may be voted at the postponed or adjourned meeting. You will be able to change or revoke your proxy until it is voted.

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

The Board recommends that you vote:

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

**FOR** the ratification of the appointment of Grant Thornton as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

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

It is anticipated 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.

**Table of Contents****PROPOSAL 1: ELECTION OF DIRECTORS****General**

Our directors are divided into three classes serving staggered three-year terms. Class I, Class II, and Class III directors will serve until our annual meetings of shareholders in 2013, 2014 and 2012, respectively. Our Board currently consists of eight members. The Board has nominated and proposes that Lon McCain, Mark E. Monroe and Edward T. Schafer, whose terms as directors expire as of the Annual Meeting, be re-elected as directors, for a term to continue until the 2015 Annual Meeting of Shareholders and until each of their respective successors has been elected and qualified, or until their earlier resignation or removal. Mr. Schafer, who was appointed as a director on November 2, 2011, was recommended to our Nominating/Corporate Governance Committee to serve on our Board by Mr. Hamm.

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. McCain, Monroe and Schafer to the Board.

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

***The Board recommends that the shareholders vote FOR the re-election of Lon McCain, Mark E. Monroe and Edward T. Schafer to the Board.***

The following table outlines certain information about each of the director nominees as well as our other directors as of March 30, 2012:

Name	Age	Director Since	Existing Term Expires
Harold G. Hamm	66	1967	2013
David L. Boren	70	2009	2013
Robert J. Grant	73	2006	2014
Lon McCain	64	2006	2012
John T. McNabb, II	67	2010	2013
Mark E. Monroe	57	2001	2012
H.R. Sanders, Jr. <sup>(1)</sup>	79	2001	2014
Edward T. Schafer	65	2011	2012

(1) Mr. Sanders will retire from our Board, effective as of the last day of the month during which the Annual Meeting is held.

**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. 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 that was 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. He also serves 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 in 1963, his M.A. in economics from Oxford University in 1965 as a Rhodes Scholar and his J.D. from the University of Oklahoma in 1968. 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, several 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 extensive 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.

**Ellis L. Lon McCain** has been a director since February 2006. 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 Global Market, 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



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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 and management expertise qualifies him to serve on our Board.

**John T. McNabb, II** has been a director since May 2010 and currently serves as Chairman of our Nominating/Corporate Governance Committee and was appointed as lead director on November 2, 2011. 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 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, from 2006 to 2009, Hiland Partners, GP, LLC, 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 qualifies him to serve on our Board, as the Chairman of our Nominating/Corporate Governance Committee and as lead director.

**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 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.

**H.R. Sanders, Jr.** has been a director since November 2001 and currently serves as Chairman of our Compensation Committee. He served on the board of directors of Devon Energy Corporation from 1981 through 2000. In addition, he held the position of Executive Vice President for Devon Energy from 1981 until his

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retirement in 1997. From 1970 to 1981, Mr. Sanders was a Senior Vice President for Republic Bank of Dallas, N.A. with direct responsibility for independent oil, gas, and mining loans. He received graduate certificates from The American Institute of Banking and The Southwest Graduate School of Banking. Mr. Sanders is a former member of the Independent Petroleum Association of America, Texas Independent Producers and Royalty Owners Association, and Oklahoma Independent Petroleum Association. He is also a former director of Triton Energy Corporation and Treador Resources Corporation.

Mr. Sanders' membership in the Independent Petroleum Association of America, Texas Independent Producers and Royalty Owners Association, and Oklahoma Independent Petroleum Association and his 18 years of experience at Devon Energy provide him with extensive knowledge of the oil and gas industry. We believe his knowledge of the oil and gas industry combined with his background as a banker make him well suited to chair our Compensation Committee and to serve on our Board.

Mr. Sanders will retire from our Board, effective as of the last day of the month during which the Annual Meeting is held.

**Edward T. Schafer** joined Continental Resources, Inc. as a director on November 2, 2011. 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 considerable experience serving as a director of public companies and he has held senior executive positions at many companies, including serving as 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.

## **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 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, Sanders 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, or until their successors are elected and qualified.

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The Board held nine meetings during the year ended December 31, 2011 and acted by unanimous consent on one occasion 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 attended the 2011 Annual Meeting of Shareholders and, other than Mr. Grant, plan to attend the 2012 Annual Meeting.

Our Board has three standing committees: an Audit Committee, a Compensation Committee and a Nominating/Corporate Governance 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).

The table below provides the current composition of each standing committee of our Board:

Name	Audit Committee	Compensation Committee	Nominating/Corporate Governance Committee
David L. Boren			X
Robert J. Grant	X		
Harold G. Hamm			X
Lon McCain	X	X	
John T. McNabb, II	X		X
Mark E. Monroe	X		X
H.R. Sanders, Jr.	X	X	
Edward T. Schafer		X	

Effective as of Mr. Sanders' retirement, a replacement will be appointed to serve on the Compensation Committee. Other than Mr. Sanders' departure, the composition of the Audit Committee will remain unchanged.

**Board Leadership Structure.** Harold G. Hamm serves as the Company's Chairman and Chief Executive Officer and controls approximately 68.03% of the outstanding shares of Common Stock as of April 17, 2012. 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.

Notwithstanding the Company's status as a controlled company under the NYSE's rules and the Company's ability to rely on certain exemptions related to this status, the Company has a majority of independent directors, and has established a Compensation Committee and a Nominating/Corporate Governance Committee. Our Compensation Committee is comprised entirely of independent directors.

**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.

**Audit Committee.** The Audit Committee currently consists of Messrs. Grant, McCain, McNabb, Monroe, and Sanders, with Mr. Monroe serving as the Chairman. 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.

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The Audit Committee is appointed by our Board to assist it and to perform an oversight function by:

selecting and overseeing our relationship with our independent registered public accounting firm;

reviewing with our independent registered public accounting firm the scope and results of our annual audit;

reviewing our financial statements and reports including Forms 10-K and Forms 10-Q;

reviewing our significant financial reporting issues and practices;

monitoring our internal control policies;

establishing our procedures for receipt, retention, and treatment of 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.

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 annually with our senior management, our manager of internal auditing and our independent auditors to discuss any matters that the Audit Committee or any of these groups believe should be discussed in private. The Audit Committee makes regular reports to the Board.

In 2011, the Audit Committee discussed the financial information contained in each quarterly and annual earnings announcement with the Chief Financial Officer and independent auditors prior to public release. The Audit Committee held nine meetings during 2011.

**Compensation Committee.** The Compensation Committee currently consists of Messrs. McCain, Sanders and Schafer with Mr. Sanders serving as the Chairman. During 2011, Messrs. Boren and Hamm served on the Compensation Committee until May 26, 2011 and November 2, 2011, respectively. Mr. Schafer joined the Compensation Committee effective November 2, 2011. 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. The report of the Compensation Committee is set forth under **Executive Compensation and Other Information Compensation Committee Report** in this proxy statement.

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

determine awards to employees of stock or other equity compensation;

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.

During 2011, the Compensation Committee met five times and acted by unanimous consent on two occasions during such period. 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 2011, the Compensation Committee employed Longnecker & Associates ( Longnecker ), whose engagement is described in the Compensation Discussion and Analysis section herein.

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***Nominating / Corporate Governance Committee.*** The Nominating/Corporate Governance Committee was formed in February 2011 and currently consists of Messrs. Boren, McNabb, Monroe and Hamm, with Mr. McNabb serving as the Chairman.

Pursuant to its charter, the responsibilities of the Nominating/Corporate Governance Committee are as follows:

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;

recommend nominees to the Board for each committee of the Board;

make recommendations to the Board regarding the composition and size of the Board;

develop and recommend to the Board the Corporate Governance Guidelines applicable to the Company;

lead the Board in its annual review of the Board's performance; and

provide risk oversight with respect to the areas of responsibility of the Nominating/Corporate Governance Committee set forth in its charter.

The Nominating/Corporate Governance Committee held three meetings during 2011.

## **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 one executive session in 2011. 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.

Any shareholder or interested party desiring to communicate with, or make any 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 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 addressee(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



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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;

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 anniversary date of the proxy statement for the immediately preceding 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



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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.

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There are no specific minimum qualifications for shareholder nominees. The Company has not previously received nominees from common shareholders. All candidates, 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. McCain, Sanders and Schafer. Messrs. Boren and Hamm served on the Compensation Committee until May 26, 2011 and November 2, 2011, respectively. Mr. Schafer joined the Compensation Committee effective November 2, 2011. Mr. Hamm is a director and serves as our Chief Executive Officer and Chairman of the Board. Mr. McCain, Mr. Sanders, Mr. Boren and Mr. Schafer 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. During 2011, Mr. Hamm was a party to certain transactions that are described under the heading Certain Relationships and Related Party Transactions below.

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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 unaffiliated party.

**Transactions**

Since January 1, 2011, we entered into the related party transactions described below. Based upon review and recommendations of our Audit Committee, we believe all such transactions are on terms no less favorable to us than we could have achieved with an unaffiliated party.

***Crude Oil Sales***

Our principal shareholder and trusts for the benefit of his family members own the majority of the total outstanding equity interests of Hiland, Banner Transportation, L.L.C. ( Banner ), Cottonwood Creek, Inc. and Independent Trading & Transportation Company I, L.L.C. ( ITT ) and control Hiland's general partner. Our principal shareholder also serves as the Chairman of the Board of Hiland's general partner.

The Company engaged in crude oil trades with ITT. These purchases or sales are done with this affiliate each month with the net amount being paid to, or received from, the affiliate in the following month. Total barrels sold to ITT in 2011 amounted to 435,000 barrels for \$41.7 million and no barrels were purchased from ITT in 2011. The Company incurred \$1.4 million in expenses in 2011 associated with these transactions. In 2011, we paid ITT and Banner approximately \$11.5 million for crude oil gathering and storage services in North Dakota, Montana and Wyoming. At December 31, 2011 \$2.5 million was due to Banner and ITT and \$1 million was due from these affiliates.

***Natural Gas Sales***

During the year ended December 31, 2011, our natural gas revenues from affiliates were \$53.5 million relating to sales of approximately 10,867 MMcf of natural gas. Included in this amount was the sale of approximately 10,837 MMcf of natural gas for \$53.4 million to Hiland and 30 MMcf of natural gas sold for

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\$88,000 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 \$12.5 million principally for reclaimed oil, residue fuel gas and compressor rentals to Hiland during the year ended December 31, 2011. Under a contract for natural gas sales to this affiliate, we also incurred gathering and treatment fees of \$4.6 million in 2011. At December 31, 2011 \$1.9 million was due to Hiland principally for residue fuel gas, compressor installation costs and condensate sales marketed for Hiland and approximately \$7,000 was due from Hiland. Additionally, \$12.3 million was due from Hiland in connection with a natural gas receivable at December 31, 2011.

***Oilfield Services***

During the year ended December 31, 2011, we paid approximately \$6.2 million for daywork drilling rig services provided by United Drilling Co. ( United ). A portion of such amounts was billed to other interest owners. United provided daywork drilling rig services for five wells in 2011. Our principal shareholder owns 100% of the common stock of United. At December 31, 2011 \$1.3 million was due to United in connection with these services.

During the year ended December 31, 2011, we paid approximately \$571,000 to Water Tech LLC ( Water Tech ), a company in which our principal shareholder owns a majority of the membership interest, for saltwater disposal, reclaimed oil and contract labor. At December 31, 2011 \$82,900 was due to Water Tech principally in connection with these services.

***Commercial Property Transactions***

On March 18, 2011, the Company executed an agreement to acquire ownership of 20 Broadway Associates LLC ( 20 Broadway ), an entity wholly owned by the Company's principal shareholder. 20 Broadway's sole asset is a building in Oklahoma City, Oklahoma where the Company located its corporate headquarters in March of 2012. The Company paid \$22,961,628 for 20 Broadway, which is the amount our principal shareholder paid to acquire the building in Oklahoma City, including reimbursed commissions and closing costs.

We lease approximately 87,000 square feet of office space in Enid, Oklahoma from a company owned by our principal shareholder. The leases covering this space expired at the end of February 2012 (the Old Leases ) and we have 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, 2011, rental, management and parking fees paid by us totaled approximately \$1 million, with approximately \$173,000 in obligations remaining at December 31, 2011, in connection with lease payments through February 2012 under the Old Leases. As of the beginning of its term, the total amount of the payments owed under the New Lease was \$449,700.

***Royalty and Common Ownership***

In 2011, we received \$2.4 million 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 \$10 million in 2011 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, 2011 \$43,000 was due from the Hamm Revocable Trust and \$680,000 was due to the Hamm Revocable Trust.

Wheatland Oil Inc. ( Wheatland ) is owned 75% by the Hamm Revocable Trust and 25% by our President and Chief Operating Officer, Mr. Jeffrey B. Hume. Wheatland participates in several of the Company's crude oil and natural gas properties located in the states of Mississippi, Montana, North Dakota and Oklahoma. The Wheatland interests generally range from 5% to 10% of the Company's interests. During the year ended December 31, 2011, we disbursed net crude oil and natural gas revenues of approximately \$36.7 million to

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Wheatland and were paid for billed costs of approximately \$64.9 million by Wheatland. We also paid Wheatland approximately \$5,000 in 2011 for their share of undeveloped leasehold adjustments. At December 31, 2011 \$17.6 million was due from Wheatland and \$3.5 million was due to Wheatland.

***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 Mr. Hamm'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 trusts has 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.

***Agreements in Connection with the Wheatland Transaction***

We have 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. Wheatland is owned 75% by the Hamm Revocable Trust and 25% by Jeffrey B. Hume, our President and Chief Operating Officer. The Purchase and Sale Agreement provides for the acquisition (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 purchase price for the Assets consists of \$340 million (the "Unadjusted Purchase Price"), subject to customary purchase price adjustments associated with transactions of this nature in the oil and gas industry (the dollar value resulting from such adjustments is referred to herein as the "Adjusted Purchase Price"). At the closing of the transaction contemplated by the Purchase and Sale Agreement, the Adjusted Purchase Price will be paid in shares of Common Stock. The number of shares of Common Stock to be issued will be determined by dividing the Adjusted Purchase Price by the volume weighted average (rounded to two decimal places) of the daily sale prices for the shares of the Common Stock for the twenty (20) consecutive trading days on which such shares are actually traded and quoted on the New York Stock Exchange ending on and including the date that is ten (10) business days prior to the Annual Meeting (the "Closing Share Price"); provided, however, if (i) the Closing Share Price is \$80.00 or less, the Closing Share Price shall be deemed to be \$80.00 and (ii) the Closing Share Price is \$87.18 or greater, the Closing Share Price shall be deemed to be \$87.18. If the Closing Share Price is \$80.00 or less, 4,250,000 shares will be issuable in connection with the Unadjusted Purchase Price. If the Closing Share Price is \$87.18 or greater, 3,899,977 shares will be issuable in connection with the Unadjusted

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Purchase Price. Once the adjustments to the Unadjusted Purchase Price are made, the actual amount of the Adjusted Purchase Price could result in the issuance of a number of shares in excess of 4,250,000 or less than 3,899,977 at closing. After closing of the transaction contemplated by the Purchase and Sale Agreement, any further adjustments required by the Purchase and Sale Agreement will be paid in cash, other than adjustments made to reflect the post-closing addition of properties excluded from the Assets at closing due to the inability to obtain consents or the existence of preferential rights in favor of a third party, which will be paid in Common Stock based on the Closing Share Price.

The Unadjusted Purchase Price is subject to customary purchase price adjustments associated with transactions of this nature in the oil and gas industry, including, among other adjustments, the following:

an adjustment to allocate to the Company the revenues and costs associated with the Assets from 7:00 a.m., Central Time, on January 1, 2012 through the closing of the transaction; and

reductions or increases to reflect either the diminution in value of the Assets due to title and environmental defects (net of title benefits and the deductible), casualty losses, exercises of preferential rights to purchase, or failure to obtain material consents or the increase in value of the Assets due to title benefits (net of title and environmental defects and the deductible).

The Purchase and Sale Agreement contains a number of conditions to the respective obligations of the Company and Wheatland that must be satisfied prior to the closing of the Acquisition, including, but not limited to, the following:

shareholder approval of the Wheatland transaction as described in the Purchase and Sale Agreement;

certain of the representations and warranties contained in the Purchase and Sale Agreement of the Company and Wheatland must be true and correct in all respects and the remainder of the representations and warranties contained in the Purchase and Sale Agreement of the Company and Wheatland must be true and correct in all material respects;

the representations and warranties of Wheatland's shareholders must be true and correct in all respects;

absence of any suit, action or other proceeding by a third party seeking to restrain, enjoin or otherwise prohibit the consummation of the transaction contemplated by the Purchase and Sale Agreement, or seeking substantial damages in connection therewith;

absence of any injunction, order or award restraining, enjoining or otherwise prohibiting the consummation of the transaction contemplated by the Purchase and Sale Agreement, or granting material damages in connection therewith;

the receipt of all material consents and approvals of governmental bodies;

the transaction contemplated by the Purchase and Sale Agreement cannot fail to qualify as a reorganization under Section 368 (a)(1)(c) of the Internal Revenue Code of 1986, as amended, as a result of a change of law occurring after the date of the Purchase and Sale Agreement;

the absence of casualty losses related to the Assets in excess of \$17 million; and

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performance or compliance in all material respects by the Company and Wheatland with their respective covenants and obligations required by the Purchase and Sale Agreement.

Any condition to the consummation of the Acquisition may be waived in writing by the party to the Purchase and Sale Agreement entitled to the benefit of such condition; provided, however, any waiver of a condition by the Company and any other action or election to be taken by or on behalf of the Company under the Purchase and Sale Agreement shall be reserved and made in the sole discretion of a disinterested and independent committee of the Board (the Special Committee ) formed for the purpose of ensuring the interests of the Company and non-affiliate shareholders are protected in connection with the transaction underlying the Purchase and Sale Agreement, and that such transaction is fair to the Company and non-affiliate shareholders.

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If the transaction contemplated in the Purchase and Sale Agreement has not closed on or before August 15, 2012, either the Company or Wheatland may terminate the Purchase and Sale Agreement. The Purchase and Sale Agreement may also be terminated at any time prior to closing by the Special Committee or the Board. If the Purchase and Sale Agreement is terminated it will be void and have no effect, without liability on the part of any party or the directors, officers or shareholders of any party, except as specifically contemplated in the Purchase and Sale Agreement. The Purchase and Sale Agreement does not provide for the payment of a termination fee by any party.

Pursuant to the Purchase and Sale Agreement, we will enter 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 will receive, 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 that the Company will not be required to effect more than four demand registrations in any three year period. The piggyback rights will 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.

### ***Sale of Common Stock***

On March 3, 2011, the Company, together with the Hamm Revocable Trust and the two irrevocable trusts established for the benefit of Mr. Hamm's family members (collectively, the Selling Trusts ), entered into an underwriting agreement (the Underwriting Agreement ) with Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as representatives of the underwriters named therein (collectively, the Underwriters ), providing for the offer and sale in a firm commitment underwritten offering of an aggregate of 10,000,000 shares of Common Stock, including 9,170,000 shares issued and sold by the Company and 830,000 shares sold by the Selling Trusts at a price of \$68.00 per share (\$65.45 per share, net of underwriting discount, resulting in proceeds of approximately \$54,323,500 to the Selling Trusts). Closing of the offering took place on March 9, 2011. On March 25, 2011, the Company announced the closing of the sale of an additional 910,000 shares of its Common Stock pursuant to the partial exercise of the over-allotment option granted to the Underwriters in connection with the offering. The Selling Trusts did not participate in the partial exercise of the over-allotment option.



**Table of Contents****NON-EMPLOYEE DIRECTOR COMPENSATION****General**

The Compensation Committee reviews the total compensation paid to our non-employee directors annually. 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 the 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.

The following table summarizes the compensation of non-employee directors in the year ended December 31, 2011:

**2011 Director Compensation Table**

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards (\$)<sup>(1)(2)</sup></b>	<b>Total (\$)</b>
David L. Boren	\$ 60,912	\$ 244,759	\$ 305,671
Robert J. Grant	78,875	297,171	376,046
Lon McCain	80,750	297,171	377,921
John T. McNabb, II	79,646	209,712	289,358
Mark E. Monroe	67,037	332,406	399,443
H.R. Sanders, Jr.	87,500	297,171	384,671
Edward T. Schafer	11,584	751,579	763,163

- (1) The amounts in this column represent the aggregate grant date fair value for grants in fiscal year 2011 computed in accordance with the Financial Accounting Standards Board's Accounting Standards Codification Topic 718 (ASC Topic 718). See Equity-Based Compensation below. 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, 2011, filed with the SEC.
- (2) The following restricted stock awards were outstanding as of December 31, 2011: Mr. Boren, 13,890; Mr. Grant, 14,722; Mr. McCain, 14,722; Mr. McNabb, 13,333; Mr. Monroe, 11,949; Mr. Sanders, 14,722; and Mr. Schafer, 11,945.

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.

**2011 Retainers / Fees**

Our 2011 cash compensation for non-employee directors consisted of an annual retainer in the amount of \$40,000 in addition to the payment of \$1,500 for each regular Board meeting and \$750 for each special meeting attended or written consent provided. The chairs of the Audit Committee were paid their pro rata portion of an annual retainer of \$18,750, based on time served during 2011 (\$15,625 to Mr. Grant and \$3,125 to Mr. Monroe); the chair of the Compensation Committee was paid an annual retainer of \$10,000; and the chair of the Nominating/Corporate Governance Committee was paid \$6,396, which represents the pro rata portion of a \$7,500 annual retainer, adjusted to reflect the commencement of committee activities in 2011. Committee

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members other than the chairs of the committees were paid an annual retainer, adjusted where appropriate to reflect actual time served on the committee or as a non-chair member of the committee. In 2011, the annual retainer for Audit Committee members was \$7,500 and for members of the Compensation and Nominating/Corporate Governance Committees was \$4,000. In November 2011, the Board formed the Special Committee for the purpose of ensuring the interests of the Company and non-affiliate shareholders are protected in connection with the transaction underlying the Purchase and Sale Agreement, and that such transaction is fair to the Company and non-affiliate shareholders. Members of the Special Committee do not receive an annual retainer but receive \$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 award each of our non-employee directors restricted stock. On November 2, 2011, our Compensation Committee granted the following shares of restricted Common Stock to the indicated directors: Mr. Boren 3,890 shares; Mr. Grant 4,723 shares; Mr. McCain 4,723 shares; Mr. McNabb 3,333 shares; Mr. Monroe 5,283 shares and Mr. Sanders 4,723 shares. All the shares described in the prior sentence vest on May 25, 2015. In connection with his appointment to the Board, Mr. Schafer received a grant of 11,945 shares of restricted Common Stock with 1,945 shares vesting on May 25, 2012 and the remaining 10,000 shares vesting ratably in one-third increments on May 25 of each year commencing in 2013. 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. 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.

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 each December 31 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, 2011, 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	66	Chairman of the Board and Chief Executive Officer
Jeffrey B. Hume	60	President and Chief Operating Officer
John D. Hart	44	Senior Vice President, Chief Financial Officer and Treasurer
Jack H. Stark	57	Senior Vice President, Exploration
Steven K. Owen	56	Senior Vice President, Land
Richard E. Muncrief	53	Senior Vice President, Operations
Eric S. Eissenstat	54	Senior Vice President, General Counsel and Secretary
Jose A. Bayardo	40	Senior Vice President, Business Development

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

**Jeffrey B. Hume** became our President on November 3, 2009 upon the relinquishment of such title by Mr. Hamm. Since November 2008, Mr. Hume has 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 in 1975.

**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, Oklahoma Society 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 in December 1991.

**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.

**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.

**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 in 1980.

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**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 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 and has held leadership positions in the Oklahoma Bar Association and Oklahoma County Bar Association. Mr. Eissenstat earned his Bachelor of Science with honors in Political Science from Oklahoma State University in 1980 and his Juris Doctor with honors from the University of Oklahoma in 1983.

**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. 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***

Prior to the completion of our initial public offering in May 2007, we operated as a private company controlled by Harold G. Hamm, our founder, principal shareholder, Chairman of the Board and Chief Executive Officer. From our inception until the formation of the Compensation Committee in February 2006, Mr. Hamm was solely responsible for reviewing and approving all compensation decisions relating to our executive officers. During 2011, Messrs. Boren and Hamm served on the Compensation Committee until May 26, 2011 and November 2, 2011, respectively. The Compensation Committee is currently comprised of Messrs. McCain, Sanders and Schafer, each of whom is independent. Mr. Schafer joined the Compensation Committee on November 2, 2011.

### ***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 current compensation practices and determined it was appropriate to continue structuring the compensation of the Company's executive officers consistent with historical practices.

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.

In 2009, 2010 and 2011, the Compensation Committee retained the services of an independent compensation consulting firm, Longnecker. Longnecker reports directly to the Compensation Committee. During 2009, 2010 and 2011, the consulting firm provided an analysis of market compensation based upon its review of compensation paid by exploration and production companies similar in revenues, total assets, and market

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capitalization to us. During 2011, 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, resulting in fees less than \$120,000.

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 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 they feel appropriate, if any, to adequately meet our compensation objectives on an individual basis, as discussed below under Compensation Objectives. 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 that same be approved by the Board. No further adjustments are made to our Chief Executive Officer's compensation after his compensation is set by the members of the Compensation Committee. Notwithstanding the Compensation Committee's authority, the Board, other than Mr. Hamm, our Chief Executive Officer, unanimously reaffirmed the cash bonus award set by the Compensation Committee for our Chief Executive Officer for services rendered during 2011 and the compensation package set for our Chief Executive Officer for 2012.

### ***Compensation Objectives***

We are engaged in crude oil and natural gas exploration and exploitation activities 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.

### ***Implementing Our 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 arrangements, and long-term potential to enhance shareholder value. Specific operational and financial factors affecting compensation decisions for our NEOs include stock price



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performance, reserve additions, finding and development costs, production volume and costs, earnings, cash flow, operating income, and return on equity. We have not assigned specific individual goals to our NEOs that are used by the Compensation Committee in the determination of compensation for such officers.

We do not apply rigid formulas in determining the amount and mix of compensation elements. Because our compensation arrangements 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, we rely 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 may allocate more or less than the formulaic amounts at its discretion. We consider competitive market compensation paid by other companies similar in size and operations to us, but we do not attempt to maintain a certain target percentile within that survey group or otherwise exclusively rely on such data to determine compensation for the NEOs. We 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.* The companies used in our 2009 compensation survey group (the 2009 Survey Group ) were Bill Barrett Corporation, Denbury Resources Inc., Encore Acquisition Company, Quicksilver Resources Inc., Range Resources Corp., Southwestern Energy Company, St. Mary Land and Exploration Company, Cabot Oil & Gas Corporation, Comstock Resources Inc., EXCO Resources Inc., Forest Oil Corp., Petrohawk Energy Corporation, and Plains Exploration & Production Co. The independent compensation consulting firm suggested the survey group be adjusted in 2010. After consultation with the firm, we adjusted our 2010 compensation survey group (the 2010 Survey Group ) to include 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. We selected these companies because they are publicly traded exploration and production companies similar in size and operations to us. In 2011, we included the same companies in our compensation survey group as were used in 2010 (the 2011 Survey Group ).

***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 have not been linked to the achievement of specific corporate goals or objectives. 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 annual salary was \$800,000 for 2009 and was increased to \$850,000 for 2010. As of December 2011, Mr. Hamm's base salary was increased to \$890,000. Our compensation consulting firm reported that the 50<sup>th</sup> and 75<sup>th</sup> percentile amounts for base salaries for the comparable position in the 2011 Survey Group were \$686,902 and \$846,399, respectively.

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With respect to our other NEOs, Mr. Hamm recommends to the Compensation Committee for approval their base salaries. 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. However, we do not attempt to maintain a certain target percentile within the survey groups.

During 2009, the aggregate base salaries for our NEOs, excluding Mr. Hamm, increased 12.6% in order to satisfy our objective of paying salaries at competitive levels. Our compensation consulting firm reported that the 50th percentile amounts for base salaries for the second highest paid named executive officer through the fifth highest paid named executive officer in the 2009 Survey Group ranged to \$421,166 from \$270,476. This compares to a base salary range of \$350,000 to \$260,000 paid to our second through fifth highest paid NEO.

During 2010, the aggregate base salaries for our NEOs, excluding Mr. Hamm, increased 17.4% in order to satisfy our objective of paying salaries at competitive levels. Our compensation consulting firm reported that the 50th percentile amounts for base salaries for the second highest paid named executive officer through the fifth highest paid named executive officer in the 2010 Survey Group ranged to \$443,206 from \$278,266. This compares to a base salary range of \$425,000 to \$315,000 paid to our second through fifth highest paid NEO.

During 2011, the aggregate base salaries for our NEOs, excluding Mr. Hamm, increased 4.1% in order to satisfy our objective of paying salaries at competitive levels. Our compensation consulting firm reported that the 50th percentile amounts for base salaries for the second highest paid named executive officer through the fifth highest paid named executive officer in the 2011 Survey Group ranged to \$467,078 from \$280,131. This compares to a base salary range of \$425,000 to \$312,000 paid to our second through fifth highest paid NEO. As of December 2011, the base salaries of Messrs. Hume, Hart, Stark and Eissenstat were \$425,000, \$360,000, \$360,000 and \$312,000, respectively (collectively, with Mr. Hamm's increase to \$890,000, the December 2011 Salary Levels).

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 the 2011 Survey Group.

*Annual Cash Bonus.* Our NEOs may earn annual cash bonuses as a reward for our subjective evaluation of their individual contribution to the achievement of annual financial and operating results. The individual cash bonuses paid to the NEOs for 2011 and prior years have been determined on a discretionary basis. Annual cash bonus differences 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 segment 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 a bonus pool that is equal to 0.375% of adjusted net income. If the conditions described below are met, the annual aggregate 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 in the pool. 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 percent of production.



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During 2009, both conditions were satisfied as production increased 13% over the 2008 level and reserve additions from drilling activities were 811% of production. In 2010, aggregate bonuses were awarded to the executive officers equal to 118% of the EBIDA pool.

During 2010, both conditions were satisfied as production increased 16% over the 2009 level and reserve additions from drilling activities were 602% of production. In 2011, aggregate bonuses were awarded to the executive officers equal to 94% of the EBIDA pool.

During 2011, both conditions were satisfied as production increased 43% over the 2010 level and reserve additions from drilling activities were 717% of production. In 2012, aggregate bonuses were awarded to the executive officers equal to 88% of the EBIDA pool.

We expect our annual cash bonus pool in the future will be funded on the basis of EBIDA as warranted by our overall operational, financial, and stock performance even though one or both of the current bonus plan conditions are not satisfied. As a result, satisfaction of the criteria required for funding the bonus pool on the basis of EBIDA may be waived in the future.

The bonus amount for each NEO is determined at the discretion of the Compensation Committee. 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. Based upon a market analysis of annual cash bonuses paid by the 2011 Survey Group, our compensation consulting firm recommended annual bonus targets, as a percent of December 2011 Salary Levels of 100%, 95%, 80%, 70%, and 70% for Messrs. Hamm, Hume, Hart, Stark and Eissenstat, respectively. The annual bonuses for 2011 awarded, as a percent of December 2011 Salary Levels, were 140% for Mr. Hamm, 113% for Mr. Hume and 92%, 97% and 101% for Messrs. Hart, Stark, and Eissenstat, respectively.

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 August 2009, we granted 109,200 shares of restricted stock to NEOs, which vest in 2012. In November 2010, we granted 155,000 shares of restricted stock to NEOs which vest in 2013. In November 2011, we granted 126,690 shares of restricted stock to NEOs which vest in 2014. Mr. Eissenstat was also granted 36,000 shares of restricted stock in February of 2011 in connection with joining the Company. The grants made in 2011 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. 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 2011 restricted stock awards and we expect that 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 2011 Survey Group, our compensation consulting firm recommended annual long-term incentive award targets, as a percent of December 2011 Salary Levels of 500%, 425%, 350%, 300% and 300% for Messrs. Hamm, Hume, Hart, Stark and Eissenstat, respectively. The long-term incentive amounts for 2011, as a percent of December 2011 Salary Levels, were 412% for Mr. Hamm, 370% for Mr. Hume and 291%, 277%, and 219% to Messrs. Hart, Stark, and Eissenstat, respectively. The percentage shown for Mr. Eissenstat in the prior sentence does not reflect his initial restricted stock award granted in February of 2011.

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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. A description of our 2005 Plan and the types of awards that may be granted are described below under Employee Benefit Plans.

Although our 2005 Plan allows for various equity instruments, we currently intend to make future grants in the form of restricted stock. We intend to grant restricted stock because we believe restricted stock is a stronger motivational tool 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.

We have adopted a policy applicable to all officers (including the NEOs) who receive a restricted stock award after receiving any initial grant of restricted stock. The policy provides that all such awards will be approved and granted at the November meeting of the Compensation Committee, with vesting occurring three years after the grant date on the 15<sup>th</sup> of November. Our policy also provides all initial awards will be made at the Compensation Committee meeting first occurring after the date of hire, with the amount of the award and vesting adjusted to reflect a 15<sup>th</sup> of November vesting date. Initial awards will vest ratably over a period of three years, unless an adjustment is necessary to accommodate a 15<sup>th</sup> of November vesting date due to the date of hire. We have adopted a policy which prohibits NEOs 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. Net shares are the number of shares that remain after shares are sold or withheld to pay withholding taxes. The calculation is determined as of each December 31 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 NEO with the stock ownership guidelines each year and reduce or eliminate future restricted stock grants under the 2005 Plan for any NEO not in compliance with the stock ownership guidelines. The Compensation Committee reviewed the NEOs' stock ownership for 2011 and determined each NEO was in compliance with the guidelines.

The restricted stock awards provide for immediate vesting upon a change in control, as defined by the 2005 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.

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*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.

We allow Mr. Hamm 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 him. 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. Hamm and Mr. Eissenstat. 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 will reimburse 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.

Under Section 162(m) of the Internal Revenue 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 does not meet 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.

**Table of Contents****Insider Trading Policy**

Our insider trading policy states 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 2011.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(2)</sup>	All Other Compensation (\$) <sup>(4)</sup>	Total (\$)
Harold G. Hamm Chairman of the Board and Chief Executive Officer	2011	\$ 856,154	\$ 1,250,000	\$ 3,670,753	\$ 46,864	\$ 5,823,771
	2010	807,692	750,000	3,329,565	92,000	4,979,257
	2009	745,000	550,000	2,607,120	96,646	3,998,766
Jeffrey B. Hume President and Chief Operating Officer	2011	425,000	480,000	1,573,000	15,331	2,493,331
	2010	361,539	400,000	1,441,155	16,454	2,219,148
	2009	299,231	220,000	613,440	14,752	1,147,423
John D. Hart Senior Vice President, Chief Financial Officer and Treasurer	2011	343,077	330,000	1,048,876	60,816	1,782,769
	2010	297,692	287,500	1,043,595	14,076	1,642,863
	2009	264,615	190,000	460,080	15,239	929,934
Jack H. Stark Senior Vice President, Exploration	2011	338,846	350,000	996,653	17,727	1,703,226
	2010	309,615	265,000	993,900	14,950	1,583,465
	2009	275,385	200,000	506,088	15,334	996,807
Eric S. Eissenstat <sup>(1)</sup> Senior Vice President, General Counsel and Secretary	2011	301,847	315,000	3,141,033 <sup>(3)</sup>	14,700	3,772,580

- (1) Mr. Eissenstat has an employment agreement. For a summary of Mr. Eissenstat's employment agreement, see Payments in the Event of a Change in Control or Termination Eissenstat Employment Agreement.
- (2) The amounts under Stock Awards reflect the aggregate grant date fair value computed in accordance with 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, 2011 filed with the SEC. See Grants of Plan Based Awards for additional information regarding grants made in 2011.
- (3) Includes an initial grant vesting over three years to Mr. Eissenstat under the terms of his employment agreement. For additional information regarding grants made to Mr. Eissenstat during 2011, see Grants of Plan Based Awards.

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(4) All Other Compensation includes the following elements:

Name	Year	Personal Use of Company Aircraft (\$) <sup>(a)</sup>	Personal Use of Company Vehicle (\$) <sup>(b)</sup>	Contributions to 401(K) Plan (\$)	Relocation Expenses (\$) <sup>(c)</sup>	Other (\$)	Total (\$)
Harold G. Hamm						\$ 661 <sup>(e)</sup>	
	2011	\$ 30,328	\$ 1,175	\$ 14,700			\$ 46,864
	2010	72,822	6,928	12,250			92,000
	2009	83,756	640	12,250			96,646
Jeffrey B. Hume							
	2011		631	14,700			15,331
	2010		4,204	12,250			16,454
	2009		2,502	12,250			14,752
John D. Hart					43,825 <sup>(d)</sup>		
	2011		2,291	14,700			60,816
	2010		1,826	12,250			14,076
	2009		2,989	12,250			15,239
Jack H. Stark							
	2011		3,027	14,700			17,727
	2010		2,700	12,250			14,950
	2009		3,084	12,250			15,334
Eric S. Eissenstat	2011			14,700			14,700

- (a) We calculate the incremental cost to the Company of any personal use of the corporate aircraft based on the cost of fuel, trip-related maintenance, crew travel expenses, on-board catering, landing fees, trip-related hangar and parking costs, and smaller variable costs. Since the Company-owned aircraft is used primarily for business travel, we do not include the fixed costs that do not change based on usage, such as pilots' salaries and the purchase costs of the Company-owned aircraft.
- (b) We calculate the incremental cost to the Company of any personal use of the Company vehicles, including fuel, maintenance, insurance, lease payments and depreciation.
- (c) Expenses incurred pursuant to the Relocation Package offered to employees in connection with the previously announced relocation of the Company's headquarters from Enid, Oklahoma to Oklahoma City, Oklahoma.
- (d) Includes \$26,154 of relocation expense allowance, \$8,153 for duplicate housing costs, \$3,872 for home closing costs and \$5,646 for tax gross-ups in connection with the duplicate housing and home closing costs.
- (e) Includes \$450 for home appraisal costs and \$211 for tax gross-ups in connection with this expense.

**Grants of Plan Based Awards**

The following table reflects information concerning awards of restricted stock granted to our NEOs during the fiscal year ending December 31, 2011 under the Company's 2005 Plan.

Name	Grant Date	Date of Compensation Committee Action	Stock Awards: Number of Shares <sup>(1)</sup>	Grant Date Fair Value of Stock Awards (\$) <sup>(2)</sup>
Harold G. Hamm	11/3/2011	11/2/2011	58,340	\$ 3,670,753
Jeffrey B. Hume	11/3/2011	11/2/2011	25,000	1,573,000
John D. Hart	11/3/2011	11/2/2011	16,670	1,048,876

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Jack H. Stark	11/3/2011	11/2/2011	15,840	996,653
Eric S. Eissenstat	2/24/2011	2/23/2011	36,000	2,458,980
	11/3/2011	11/2/2011	10,840	682,053

- (1) Other than the February 2011 award to Mr. Eissenstat, the awards reported in this column all vest on November 15, 2014. The shares awarded to Mr. Eissenstat in February of 2011, in accordance with the terms of his employment agreement, will vest in increments of 12,000 shares on February 15 of each year, commencing in 2012. All awards other than Mr. Eissenstat's will vest on an accelerated basis, only in the event of a change in control. See [Payments in the Event of a Change in Control or Termination](#) [Vesting](#)

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of Restricted Stock on Change in Control hereafter for a description of the events that would trigger a change in control for these awards. Mr. Eissenstat's shares will vest on the occurrence of certain events set forth in his employment agreement with the Company. See

Payments in the Event of a Change in Control or Termination Eissenstat Employment Agreement hereafter for a description of events that would cause Mr. Eissenstat's shares to vest on an accelerated basis.

- (2) The aggregate grant date fair value of each equity award is computed in accordance with ASC Topic 718. 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, 2011 filed with the SEC.

**Outstanding Equity Awards as of December 31, 2011**

The following table reflects outstanding stock options and unvested restricted stock held by our NEOs as of December 31, 2011:

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Option <sup>(1)</sup>		Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Stock that Have Not Vested <sup>(2)</sup>	Market Value of Shares of Stock that Have Not Vested (\$) <sup>(3)</sup>
	Exercisable	Unexercisable				
Harold G. Hamm					193,340	\$ 12,897,711
Jeffrey B. Hume					70,000	4,669,700
John D. Hart					49,670	3,313,486
Jack H. Stark	82,000		\$ 0.7064	4/1/12	49,040	3,271,458
Eric S. Eissenstat					46,840	3,124,696

(1) There have been no grants of stock options under our 2000 Plan to any of the NEOs since December 22, 2004.

(2) Shares represent restricted stock awards. Unvested shares will vest as follows (i) 68,000 shares on October 5, 2012, 67,000 shares on November 15, 2013 and 58,340 shares on November 15, 2014, for Mr. Hamm; (ii) 16,000 shares on October 5, 2012, 29,000 shares on November 15, 2013 and 25,000 shares on November 15, 2014, for Mr. Hume; (iii) 12,000 shares on October 5, 2012, 21,000 shares on November 15, 2013 and 16,670 shares on November 15, 2014, for Mr. Hart; (iv) 13,200 shares on October 5, 2012, 20,000 shares on November 15, 2013 and 15,840 shares on November 15, 2014, for Mr. Stark; and (v) 12,000 shares on February 15, 2012, 12,000 shares on February 15, 2013, 12,000 shares on February 15, 2014, and 10,840 shares on November 15, 2014, for Mr. Eissenstat.

(3) Market value is based on the closing price of our Common Stock as of December 31, 2011.

None of the NEOs participate in an equity incentive plan other than the 2000 Plan and 2005 Plan described herein.

**Options Exercised and Restricted Stock Vested During 2011**

The following table reflects information concerning options exercised by NEOs and shares of restricted stock held by NEOs that vested during 2011:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise (\$) <sup>(1)</sup>	Number of Shares Acquired on Vesting	Value Realized on Vesting (\$) <sup>(2)</sup>
Harold G. Hamm			68,000	\$ 3,213,340
Jeffrey B. Hume			16,000	756,080
John D. Hart			12,000	567,060
Jack H. Stark	6,000	\$ 374,212	13,200	623,766
Eric S. Eissenstat				

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- (1) Value realized on exercise of stock options is equal to the difference between the market price of the Common Stock acquired on the date of exercise and the exercise price.
- (2) Value realized on vesting is calculated by multiplying the number of shares by the mean average of the high and low stock price upon day of vesting pursuant to IRS regulation §20.2131-2.

**Employee Benefit Plans**

***Amended and Restated 2005 Plan***

*General.* In October 2005 and as amended in April 2006, our Board and shareholders adopted and approved the 2005 Plan. The purpose of the 2005 Plan is to provide our directors and our employees, advisors and consultants additional incentives designed to motivate them to put forth maximum effort toward the success and growth of the Company and to enable the Company and our affiliates to attract and retain experienced individuals. The 2005 Plan provides for the granting of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code, options that do not constitute incentive stock options, restricted stock awards, stock appreciation rights, performance units, and performance bonuses. Restricted stock awards issued under the 2005 Plan are accounted for in accordance with ASC Topic 718.

*Administration.* Our Board has appointed the Compensation Committee to administer the 2005 Plan. In general, the Compensation Committee is authorized to select the recipients of awards, establish the terms and conditions of those awards, accelerate the vesting, exercise or payment of an award or the performance period of an award, and determine to what extent a performance bonus may be deferred. In connection with the adoption of the 2005 Plan, our Board terminated our 2000 Plan, except with respect to unexercised options outstanding thereunder.

*Shares Subject to the 2005 Plan and Award Limits.* The number of shares of our Common Stock that may be issued under the 2005 Plan may not exceed 5,500,000, subject to adjustment as described below. Shares of Common Stock attributable to awards that have expired, terminated or been canceled or forfeited, or have otherwise terminated without the issuance of an award, are available for issuance or use in connection with future awards. The maximum number of shares of Common Stock that may be subject to options, stock appreciation rights, restricted stock awards, or performance unit awards granted under the 2005 Plan to any one individual during any calendar year may not exceed 220,000 shares.

*Options.* The price at which a share of Common Stock may be purchased upon exercise of an option granted under the 2005 Plan, whether the option is an incentive stock option or an option that does not constitute an incentive stock option, will be determined by our Board or the Compensation Committee, but the purchase price will not be less than the fair market value of a share of Common Stock on the date the option is granted. Options may be granted independently or in tandem with stock appreciation rights.

*Stock Appreciation Rights.* Our Board or the Compensation Committee may grant stock appreciation rights independent of or in tandem with options to purchase Common Stock. A stock appreciation right allows the holder to receive, upon exercise of the right, an amount equal to the difference between the fair market value of the shares of our Common Stock on the exercise date and the exercise price stated in the award. The exercise price of a stock appreciation right can never be less than the fair market value of our Common Stock on the day of the award. The amount to be received upon exercise of a stock appreciation right will be paid in shares of our Common Stock.

*Restricted Stock.* Shares of Common Stock that are the subject of a restricted stock award under the 2005 Plan will be subject to restrictions on disposition by the holder of such award and an obligation of such holder to forfeit and surrender the shares to us under certain circumstances (the forfeiture restrictions). The forfeiture restrictions will be determined by our Board or the Compensation Committee, as applicable, and may provide that the forfeiture restrictions will lapse upon (a) continuous employment or, in the case of an award granted to a



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director or consultant, service to us or our affiliates, for a specified period of time, (b) the attainment of one or more operational, financial and/or stock performance criteria (the performance criteria) established by the Board or the Compensation Committee, as applicable, that are based on (1) reserve additions or replacements, (2) finding and development costs, (3) production volume, (4) production costs, (5) earnings (including net income or earnings before interest, taxes, depreciation and amortization ( EBITDA )), (6) earnings per share, (7) cash flow, (8) operating income, (9) general and administrative expenses, (10) debt to equity ratio, (11) debt to cash flow ratio, (12) debt to EBITDA ratio, (13) EBITDA to interest ratio, (14) return on assets, (15) return on equity, (16) return on invested capital, (17) profit returns/margins, (18) stock price appreciation, (19) total shareholder return, and (20) relative stock price performance, or (c) a combination of any of the foregoing. In addition to acceleration of restricted stock awards upon a change in control of the Company, our Board or Compensation Committee, as applicable, may provide that an award accelerates upon an eligible employee's retirement on or after his attainment of age 62, death, or disability. Our Board may provide a restricted stock award granted to a director or consultant will accelerate upon his resignation.

*Performance Units.* A performance unit award under the 2005 Plan is an award of a monetary unit that may be earned based on performance during a performance period of one year or more. At the time of the grant of a performance unit award, our Board or the Compensation Committee, as applicable, will establish the target, maximum and minimum value of each performance unit, the applicable performance criteria, and time period over which the performance will be measured. Payment of a performance unit award may be in cash or shares of Common Stock, as determined in the sole discretion of our Board or the Compensation Committee as applicable.

*Performance Bonuses.* A performance bonus under the 2005 Plan is an award that provides for a payment that may be earned based upon performance during a period of one year or more. At the time of the grant of a performance bonus under the 2005 Plan, our Board or the Compensation Committee, as applicable, will establish the amount that may be earned as a performance bonus under the award and the applicable performance criteria. Payment of a performance bonus award may be in cash or shares of Common Stock, as determined in the sole discretion of our Board or Compensation Committee, as applicable.

*Change in Control.* All awards under the 2005 Plan become fully vested, fully earned and exercisable upon the occurrence of a change in control of the Company, as defined in the 2005 Plan. The value of the affected awards for our NEOs as of December 31, 2011 is set forth under Outstanding Equity Awards at December 31, 2011.

*Amendment and Termination of the 2005 Plan and Awards.* The maximum term of any award under the 2005 Plan is ten years. No awards under the 2005 Plan may be granted after ten years from its effective date (October 3, 2005). The 2005 Plan will remain in effect until all awards granted under the 2005 Plan have been settled. Our Board, in its discretion, may terminate the 2005 Plan at any time with respect to any shares of our Common Stock for which awards have not been granted. Our Board may amend the 2005 Plan in any manner, but any amendment to increase the maximum aggregate number of shares that may be issued under the 2005 Plan (except by operation of the 2005 Plan's adjustment provision), materially modify the class of individuals eligible to receive awards under the 2005 Plan, or materially increase the benefits to participants under the 2005 Plan requires the approval of our shareholders. No change in any award previously granted under the 2005 Plan may be made which would impair the rights of the holder of such award without the consent of the holder. Our Board is prohibited from canceling, reissuing or modifying an award under the 2005 Plan if such action will have the effect of repricing the award.

*Adjustment.* The maximum number of shares of Common Stock that may be issued under the 2005 Plan, and the number of shares subject to any award that has been granted under the 2005 Plan, are subject to adjustment to reflect stock dividends, stock splits, recapitalizations and similar changes in our capital structure. Under the 2005 Plan, we will not make such adjustments unless they would cause at least a 1% increase or decrease in the number of shares subject to any award available under the 2005 Plan.

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***2000 Stock Option Plan***

*General.* In October 2000, our Board and shareholders adopted and approved the 2000 Plan. In connection with the adoption of the 2005 Plan, our Board terminated the 2000 Plan, except with respect to unexercised options outstanding under the 2000 Plan. The purpose of the 2000 Plan was to provide our directors and employees and employees of our affiliates additional incentives designed to motivate them to put forth maximum effort toward the success and growth of the Company and to enable us and our affiliates to attract and retain experienced individuals. The 2000 Plan provided for the granting of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code and options that do not constitute incentive stock options. All outstanding options issued under the 2000 Plan have been exercised or expired.