

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from

to

Commission File Number: 001-32886



CONTINENTAL RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Oklahoma
(State of incorporation or organization)

73-0767549
(I.R.S. Employer Identification No.)

20 N. Broadway, Oklahoma City, Oklahoma
(Address of principal executive offices)

73102
(Zip Code)

(405) 234-9000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of class
Common Stock, \$0.01 par value

Trading symbol
CLR

Name of exchange on which registered
New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒
Non-accelerated filer ☐

Accelerated filer ☐
Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

376,745,750 shares of our \$0.01 par value common stock were outstanding on April 22, 2019.

Table of Contents

PART I. Financial Information

Item 1.	<u>Financial Statements</u>	<u>1</u>
	<u>Condensed Consolidated Balance Sheets</u>	<u>1</u>
	<u>Unaudited Condensed Consolidated Statements of Comprehensive Income</u>	<u>2</u>
	<u>Condensed Consolidated Statements of Equity</u>	<u>3</u>
	<u>Unaudited Condensed Consolidated Statements of Cash Flows</u>	<u>4</u>
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	<u>5</u>
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>20</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>28</u>
Item 4.	<u>Controls and Procedures</u>	<u>30</u>

PART II. Other Information

Item 1.	<u>Legal Proceedings</u>	<u>31</u>
Item 1A.	<u>Risk Factors</u>	<u>31</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>31</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>31</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>31</u>
Item 5.	<u>Other Information</u>	<u>31</u>
Item 6.	<u>Exhibits</u>	<u>32</u>
	<u>Signature</u>	<u>33</u>

When we refer to “us,” “we,” “our,” “Company,” or “Continental” we are describing Continental Resources, Inc. and our subsidiaries.

Glossary of Crude Oil and Natural Gas Terms

The terms defined in this section may be used throughout this report:

“Bbl” One stock tank barrel, of 42 U.S. gallons liquid volume, used herein in reference to crude oil, condensate or natural gas liquids.

“Boe” Barrels of crude oil equivalent, with six thousand cubic feet of natural gas being equivalent to one barrel of crude oil based on the average equivalent energy content of the two commodities.

“Btu” British thermal unit, which represents the amount of energy needed to heat one pound of water by one degree Fahrenheit and can be used to describe the energy content of fuels.

“completion” The process of treating a drilled well followed by the installation of permanent equipment for the production of crude oil and/or natural gas.

“developed acreage” The number of acres allocated or assignable to productive wells or wells capable of production.

“development well” A well drilled within the proved area of a crude oil or natural gas reservoir to the depth of a stratigraphic horizon known to be productive.

“dry hole” Exploratory or development well that does not produce crude oil and/or natural gas in economically producible quantities.

“exploratory well” A well drilled to find crude oil or natural gas in an unproved area, to find a new reservoir in an existing field previously found to be productive of crude oil or natural gas in another reservoir, or to extend a known reservoir beyond the proved area.

“field” An area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area, although it may refer to both the surface and the underground productive formations.

“formation” A layer of rock which has distinct characteristics that differs from nearby rock.

“gross acres” or *“gross wells”* Refers to the total acres or wells in which a working interest is owned.

“MBbl” One thousand barrels of crude oil, condensate or natural gas liquids.

“MBoe” One thousand Boe.

“Mcf” One thousand cubic feet of natural gas.

“MMBoe” One million Boe.

“MMBtu” One million British thermal units.

“MMcf” One million cubic feet of natural gas.

“net acres” or *“net wells”* Refers to the sum of the fractional working interests owned in gross acres or gross wells.

“Net crude oil and natural gas sales” Represents total crude oil and natural gas sales less total transportation expenses. Net crude oil and natural gas sales presented herein are non-GAAP measures. See *Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures* for a discussion and calculation of this measure.

“Net sales price” Represents the average net wellhead sales price received by the Company for its crude oil or natural gas sales after deducting transportation expenses. Amount is calculated by taking revenues less transportation expenses divided by sales volumes for a period, whether for crude oil or natural gas, as applicable. Net sales prices presented herein are non-GAAP measures. See *Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures* for a discussion and calculation of this measure.

“NYMEX” The New York Mercantile Exchange.

“play” A portion of the exploration and production cycle following the identification by geologists and geophysicists of areas with potential crude oil and natural gas reserves.

“proved reserves” The quantities of crude oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs and under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates renewal is reasonably certain.

“reservoir” A porous and permeable underground formation containing a natural accumulation of producible crude oil and/or natural gas that is confined by impermeable rock or water barriers and is separate from other reservoirs.

“royalty interest” Refers to the ownership of a percentage of the resources or revenues produced from a crude oil or natural gas property. A royalty interest owner does not bear exploration, development, or operating expenses associated with drilling and producing a crude oil or natural gas property.

“SCOOP” Refers to the South Central Oklahoma Oil Province, a term used to describe properties located in the Anadarko basin of Oklahoma in which we operate. Our SCOOP acreage extends across portions of Garvin, Grady, Stephens, Carter, McClain and Love counties of Oklahoma and has the potential to contain hydrocarbons from a variety of conventional and unconventional reservoirs overlying and underlying the Woodford formation.

“STACK” Refers to Sooner Trend Anadarko Canadian Kingfisher, a term used to describe a resource play located in the Anadarko Basin of Oklahoma characterized by stacked geologic formations with major targets in the Meramec, Osage and Woodford formations. A significant portion of our STACK acreage is located in over-pressured portions of Blaine, Dewey and Custer counties of Oklahoma.

“undeveloped acreage” Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of crude oil and/or natural gas.

“unit” The joining of all or substantially all interests in a reservoir or field, rather than a single tract, to provide for development and operation without regard to separate property interests. Also, the area covered by a unitization agreement.

“working interest” The right granted to the lessee of a property to explore for and to produce and own crude oil, natural gas, or other minerals. The working interest owners bear the exploration, development, and operating costs on either a cash, penalty, or carried basis.

Cautionary Statement for the Purpose of the “Safe Harbor” Provisions of the Private Securities Litigation Reform Act of 1995

This report and information incorporated by reference in this report include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact, including, but not limited to, forecasts or expectations regarding the Company's business and statements or information concerning the Company's future operations, performance, financial condition, production and reserves, schedules, plans, timing of development, rates of return, budgets, costs, business strategy, objectives, and cash flows, included in this report are forward-looking statements. The words “could,” “may,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project,” “budget,” “target,” “plan,” “continue,” “potential,” “guidance,” “strategy” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Forward-looking statements may include, but are not limited to, statements about:

- our strategy;
- our business and financial plans;
- our future operations;
- our crude oil and natural gas reserves and related development plans;
- technology;
- future crude oil, natural gas liquids, and natural gas prices and differentials;
- the timing and amount of future production of crude oil and natural gas and flaring activities;
- the amount, nature and timing of capital expenditures;
- estimated revenues, expenses and results of operations;
- drilling and completing of wells;
- competition;
- marketing of crude oil and natural gas;
- transportation of crude oil, natural gas liquids, and natural gas to markets;
- property exploitation, property acquisitions and dispositions, or joint development opportunities;
- costs of exploiting and developing our properties and conducting other operations;
- our financial position;
- general economic conditions;
- credit markets;
- our liquidity and access to capital;
- the impact of governmental policies, laws and regulations, as well as regulatory and legal proceedings involving us and of scheduled or potential regulatory or legal changes;
- our future operating and financial results;
- our future commodity or other hedging arrangements; and
- the ability and willingness of current or potential lenders, hedging contract counterparties, customers, and working interest owners to fulfill their obligations to us or to enter into transactions with us in the future on terms that are acceptable to us.

Forward-looking statements are based on the Company's current expectations and assumptions about future events and currently available information as to the outcome and timing of future events. Although the Company believes these assumptions and expectations are reasonable, they are inherently subject to numerous business, economic, competitive, regulatory and other risks and uncertainties, most of which are difficult to predict and many of which are beyond the Company's control. No assurance can be given that such expectations will be correct or achieved or that the assumptions are accurate or will not change over time. The risks and uncertainties that may affect the operations, performance and results of the business and forward-looking statements include, but are not limited to, those risk factors and other cautionary statements described under *Part II, Item 1A. Risk Factors* and elsewhere in this report, if any, our Annual Report on Form 10-K for the year ended December 31, 2018, registration statements we file from time to time with the Securities and Exchange Commission, and other announcements we make from time to time.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which such statement is made. Should one or more of the risks or uncertainties described in this report or our Annual Report on Form 10-K occur, or should underlying assumptions prove incorrect, the Company's actual results and plans could differ materially from those expressed in any forward-looking statements. All forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Except as expressly stated above or otherwise required by applicable law, the Company undertakes no obligation to publicly correct or update any forward-looking statement whether as a result of new information, future events or circumstances after the date of this report, or otherwise.

PART I. Financial Information

ITEM 1. Financial Statements

**Continental Resources, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets**

	March 31, 2019	December 31, 2018
	<i>(Unaudited)</i>	
<i>In thousands, except par values and share data</i>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 264,371	\$ 282,749
Receivables:		
Crude oil and natural gas sales	698,641	644,107
Affiliated parties	74	73
Joint interest and other, net	395,657	368,235
Derivative assets	1,975	15,612
Inventories	103,287	88,544
Prepaid expenses and other	20,057	13,041
Total current assets	1,484,062	1,412,361
Net property and equipment, based on successful efforts method of accounting	14,118,264	13,869,800
Operating lease right-of-use assets	16,099	—
Other noncurrent assets	15,498	15,786
Total assets	\$ 15,633,923	\$ 15,297,947
Liabilities and equity		
Current liabilities:		
Accounts payable trade	\$ 755,834	\$ 717,560
Revenues and royalties payable	406,832	400,567
Payables to affiliated parties	259	203
Accrued liabilities and other	268,507	266,819
Derivative liabilities	549	—
Current portion of operating lease liabilities	11,092	—
Current portion of long-term debt	2,378	2,360
Total current liabilities	1,445,451	1,387,509
Long-term debt, net of current portion	5,766,647	5,765,989
Other noncurrent liabilities:		
Deferred income tax liabilities, net	1,626,426	1,574,436
Asset retirement obligations, net of current portion	141,172	136,986
Operating lease liabilities, net of current portion	5,007	—
Other noncurrent liabilities	10,917	11,166
Total other noncurrent liabilities	1,783,522	1,722,588
Commitments and contingencies (Note 9)		
Equity:		
Preferred stock, \$0.01 par value; 25,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.01 par value; 1,000,000,000 shares authorized; 376,768,684 shares issued and outstanding at March 31, 2019; 376,021,575 shares issued and outstanding at December 31, 2018	3,768	3,760
Additional paid-in capital	1,426,300	1,434,823
Accumulated other comprehensive income	531	415
Retained earnings	4,893,111	4,706,135
Total shareholders' equity attributable to Continental Resources	6,323,710	6,145,133
Noncontrolling interests	314,593	276,728
Total equity	6,638,303	6,421,861
Total liabilities and equity	\$ 15,633,923	\$ 15,297,947

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

Continental Resources, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Comprehensive Income

<i>In thousands, except per share data</i>	Three months ended March 31,	
	2019	2018
Revenues:		
Crude oil and natural gas sales	\$ 1,109,584	\$ 1,113,852
Gain (loss) on natural gas derivatives, net	(1,124)	10,174
Crude oil and natural gas service operations	15,774	17,002
Total revenues	1,124,234	1,141,028
Operating costs and expenses:		
Production expenses	106,966	92,962
Production taxes	86,441	80,580
Transportation expenses	49,139	49,297
Exploration expenses	1,837	1,720
Crude oil and natural gas service operations	7,186	4,583
Depreciation, depletion, amortization and accretion	495,019	454,378
Property impairments	25,316	33,784
General and administrative expenses	47,617	43,043
Net gain on sale of assets and other	(252)	(41)
Total operating costs and expenses	819,269	760,306
Income from operations	304,965	380,722
Other income (expense):		
Interest expense	(67,837)	(75,894)
Other	1,355	654
	(66,482)	(75,240)
Income before income taxes	238,483	305,482
Provision for income taxes	(51,990)	(71,536)
Net income	186,493	233,946
Net loss attributable to noncontrolling interests	(483)	—
Net income attributable to Continental Resources	\$ 186,976	\$ 233,946
Net income per share attributable to Continental Resources:		
Basic	\$ 0.50	\$ 0.63
Diluted	\$ 0.50	\$ 0.63
Comprehensive income:		
Net income	\$ 186,493	\$ 233,946
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	116	2
Total other comprehensive income, net of tax	116	2
Comprehensive income	186,609	233,948
Comprehensive loss attributable to noncontrolling interests	(483)	—
Comprehensive income attributable to Continental Resources	\$ 187,092	\$ 233,948

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

Continental Resources, Inc. and Subsidiaries
Condensed Consolidated Statements of Equity

*Three months ended March 31,
2019*

<i>In thousands, except share data</i>	Shareholders' equity attributable to Continental Resources							
	Shares outstanding	Common stock	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity of Continental Resources	Noncontrolling interests	Total equity
Balance at December 31, 2018	376,021,575	\$ 3,760	\$ 1,434,823	\$ 415	\$ 4,706,135	\$ 6,145,133	\$ 276,728	\$ 6,421,861
Net income (loss) (unaudited)	—	—	—	—	186,976	186,976	(483)	186,493
Other comprehensive income, net of tax (unaudited)	—	—	—	116	—	116	—	116
Stock-based compensation (unaudited)	—	—	12,095	—	—	12,095	—	12,095
Restricted stock:								
Granted (unaudited)	1,333,602	13	—	—	—	13	—	13
Repurchased and canceled (unaudited)	(439,419)	(4)	(20,618)	—	—	(20,622)	—	(20,622)
Forfeited (unaudited)	(147,074)	(1)	—	—	—	(1)	—	(1)
Contributions from noncontrolling interests (unaudited)	—	—	—	—	—	—	42,204	42,204
Distributions to noncontrolling interests (unaudited)	—	—	—	—	—	—	(3,856)	(3,856)
Balance at March 31, 2019 (unaudited)	376,768,684	\$ 3,768	\$ 1,426,300	\$ 531	\$ 4,893,111	\$ 6,323,710	\$ 314,593	\$ 6,638,303

*Three months ended March 31,
2018*

<i>In thousands, except share data</i>	Shareholders' equity attributable to Continental Resources							
	Shares outstanding	Common stock	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity of Continental Resources	Noncontrolling interests	Total equity
Balance at December 31, 2017	375,219,769	\$ 3,752	\$ 1,409,326	\$ 307	\$ 3,717,818	\$ 5,131,203	\$ —	\$ 5,131,203
Net income (unaudited)	—	—	—	—	233,946	233,946	—	233,946
Other comprehensive income, net of tax (unaudited)	—	—	—	2	—	2	—	2
Stock-based compensation (unaudited)	—	—	10,905	—	—	10,905	—	10,905
Restricted stock:								
Granted (unaudited)	1,180,032	12	—	—	—	12	—	12
Repurchased and canceled (unaudited)	(276,108)	(3)	(14,843)	—	—	(14,846)	—	(14,846)
Forfeited (unaudited)	(66,489)	(1)	—	—	—	(1)	—	(1)
Balance at March 31, 2018 (unaudited)	376,057,204	\$ 3,760	\$ 1,405,388	\$ 309	\$ 3,951,764	\$ 5,361,221	\$ —	\$ 5,361,221

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

Continental Resources, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows

<i>In thousands</i>	Three months ended March 31,	
	2019	2018
Cash flows from operating activities		
Net income	\$ 186,493	\$ 233,946
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, amortization and accretion	496,561	455,559
Property impairments	25,316	33,784
Non-cash (gain) loss on derivatives, net	14,186	(5,978)
Stock-based compensation	12,107	10,916
Provision for deferred income taxes	51,990	71,536
Gain on sale of assets, net	(252)	(41)
Other, net	3,683	3,398
Changes in assets and liabilities:		
Accounts receivable	(78,027)	38,268
Inventories	(14,742)	(9,763)
Other current assets	(5,786)	(6,343)
Accounts payable trade	24,341	48,307
Revenues and royalties payable	6,282	18,541
Accrued liabilities and other	(563)	(5,848)
Other noncurrent assets and liabilities	(81)	(91)
Net cash provided by operating activities	721,508	886,191
Cash flows from investing activities		
Exploration and development	(732,770)	(618,200)
Purchase of producing crude oil and natural gas properties	(15,849)	(2,647)
Purchase of other property and equipment	(4,951)	(7,421)
Proceeds from sale of assets	499	57
Net cash used in investing activities	(753,071)	(628,211)
Cash flows from financing activities		
Credit facility borrowings	100,000	370,000
Repayment of credit facility	(100,000)	(558,000)
Repayment of other debt	(576)	(566)
Debt issuance costs	—	(312)
Contributions from noncontrolling interests	38,242	—
Distributions to noncontrolling interests	(3,874)	—
Repurchase of restricted stock for tax withholdings	(20,622)	(14,846)
Net cash (used in) provided by financing activities	13,170	(203,724)
Effect of exchange rate changes on cash	15	(13)
Net change in cash and cash equivalents	(18,378)	54,243
Cash and cash equivalents at beginning of period	282,749	43,902
Cash and cash equivalents at end of period	\$ 264,371	\$ 98,145

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

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

Note 1. Organization and Nature of Business

Continental Resources, Inc. (the “Company”) was formed in 1967 and is incorporated under the laws of the State of Oklahoma. The Company’s principal business is crude oil and natural gas exploration, development and production with properties primarily located in the North, South, and East regions of the United States. Additionally, the Company pursues the acquisition and management of perpetually owned minerals located in certain of its key operating areas. The North region consists of properties north of Kansas and west of the Mississippi River and includes North Dakota Bakken, Montana Bakken, and the Red River units. The South region includes all properties south of Nebraska and west of the Mississippi River including various plays in the SCOOP and STACK areas of Oklahoma. The East region is primarily comprised of undeveloped leasehold acreage east of the Mississippi River with no significant drilling or production operations.

A majority of the Company’s operations are located in the North region, with that region comprising 63% of the Company’s crude oil and natural gas production and 75% of its crude oil and natural gas revenues for the three months ended March 31, 2019. The Company’s principal producing properties in the North region are located in the Bakken field of North Dakota and Montana. The Company’s operations in the South region continue to expand with its increased activity in the SCOOP and STACK plays and that region comprised 37% of the Company’s crude oil and natural gas production and 25% of its crude oil and natural gas revenues for the three months ended March 31, 2019.

For the three months ended March 31, 2019, crude oil accounted for 58% of the Company’s total production and 82% of its crude oil and natural gas revenues.

Note 2. Basis of Presentation and Significant Accounting Policies

Basis of presentation

The condensed consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, and entities in which the Company has a controlling financial interest. Intercompany accounts and transactions have been eliminated upon consolidation. Noncontrolling interests reflected herein represent third party ownership in the net assets of consolidated subsidiaries. The portions of consolidated net income and equity attributable to the noncontrolling interests are presented separately in the Company’s financial statements.

This report has been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) applicable to interim financial information. Because this is an interim period filing presented using a condensed format, it does not include all disclosures required by accounting principles generally accepted in the United States (“U.S. GAAP”), although the Company believes the disclosures are adequate to make the information not misleading. You should read this Quarterly Report on Form 10-Q (“Form 10-Q”) together with the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 (“2018 Form 10-K”), which includes a summary of the Company’s significant accounting policies and other disclosures.

The condensed consolidated financial statements as of March 31, 2019 and for the three month periods ended March 31, 2019 and 2018 are unaudited. The condensed consolidated balance sheet as of December 31, 2018 was derived from the audited balance sheet included in the 2018 Form 10-K. The Company has evaluated events or transactions through the date this report on Form 10-Q was filed with the SEC in conjunction with its preparation of these condensed consolidated financial statements.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure and estimation of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates. The most significant estimates and assumptions impacting reported results are estimates of the Company’s crude oil and natural gas reserves, which are used to compute depreciation, depletion, amortization and impairment of proved crude oil and natural gas properties. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation in accordance with U.S. GAAP have been included in these unaudited condensed consolidated financial statements. The results of operations for any interim period are not necessarily indicative of the results of operations that may be expected for any other interim period or for an entire year.

Earnings per share

Basic net income per share is computed by dividing net income attributable to the Company by the weighted-average number of shares outstanding for the period. In periods where the Company has net income, diluted earnings per share reflects the potential dilution of non-vested restricted stock awards, which are calculated using the treasury stock method. The following

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

table presents the calculation of basic and diluted weighted average shares outstanding and net income per share attributable to the Company for the three months ended March 31, 2019 and 2018.

<i>In thousands, except per share data</i>	Three months ended March 31,	
	2019	2018
Net income attributable to Continental Resources (numerator)	\$ 186,976	\$ 233,946
Weighted average shares (denominator):		
Weighted average shares - basic	372,563	371,543
Non-vested restricted stock	1,911	2,638
Weighted average shares - diluted	374,474	374,181
Net income per share attributable to Continental Resources:		
Basic	\$ 0.50	\$ 0.63
Diluted	\$ 0.50	\$ 0.63

Inventories

Inventory is comprised of crude oil held in storage or as line fill in pipelines, pipeline imbalances, and tubular goods and equipment to be used in the Company's exploration and development activities. Crude oil inventories are valued at the lower of cost or net realizable value primarily using the first-in, first-out inventory method. Tubular goods and equipment are valued primarily using a weighted average cost method applied to specific classes of inventory items.

The components of inventory as of March 31, 2019 and December 31, 2018 consisted of the following:

<i>In thousands</i>	March 31, 2019	December 31, 2018
Tubular goods and equipment	\$ 14,794	\$ 14,623
Crude oil	88,493	73,921
Total	\$ 103,287	\$ 88,544

Adoption of new accounting pronouncement

On January 1, 2019 the Company adopted Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. See *Note 8. Leases* for discussion of the adoption impact and the applicable disclosures required by the new guidance.

New accounting pronouncement not yet adopted

In June 2016 the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The standard will replace the currently required incurred loss approach with an expected loss model for instruments measured at amortized cost. The standard is effective for interim and annual periods beginning after December 15, 2019 and shall be applied using a modified retrospective approach resulting in a cumulative effect adjustment to retained earnings upon adoption. The Company continues to evaluate the new standard and is unable to estimate its financial statement impact at this time; however, the impact is not expected to be material. Historically, the Company's credit losses on crude oil and natural gas sales receivables and joint interest receivables have been immaterial.

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

Note 3. Supplemental Cash Flow Information

The following table discloses supplemental cash flow information about cash paid for interest and income tax payments and refunds. Also disclosed is information about investing activities that affects recognized assets and liabilities but does not result in cash receipts or payments.

<i>In thousands</i>	Three months ended March 31,	
	2019	2018
Supplemental cash flow information:		
Cash paid for interest	\$ 61,964	\$ 52,251
Cash paid for income taxes	9	—
Cash received for income tax refunds	4	5
Non-cash investing activities:		
Asset retirement obligation additions and revisions, net	2,570	1,609

As of March 31, 2019 and December 31, 2018, the Company had \$329.6 million and \$317.5 million, respectively, of accrued capital expenditures included in "Net property and equipment" and "Accounts payable trade" in the condensed consolidated balance sheets.

As of March 31, 2019 and December 31, 2018, the Company had \$13.2 million and \$9.3 million, respectively, of accrued contributions from noncontrolling interests included in "Receivables—Joint interest and other, net" and "Equity—Noncontrolling interests" in the condensed consolidated balance sheets.

As of March 31, 2019 and December 31, 2018, the Company had \$1.3 million and \$1.3 million, respectively, of accrued distributions to noncontrolling interests included in "Revenues and royalties payable" and "Equity—Noncontrolling interests" in the condensed consolidated balance sheets.

On January 1, 2019 the Company adopted ASU 2016-02 which resulted in the non-cash recognition of offsetting right-of-use assets and lease liabilities totaling approximately \$19 million. See *Note 8. Leases* for additional information.

Note 4. Revenues

Below is a discussion of the nature, timing, and presentation of revenues arising from the Company's major revenue-generating arrangements.

Operated crude oil revenues – The Company pays third parties to transport the majority of its operated crude oil production from lease locations to downstream market centers, at which time the Company's customers take title and custody of the product in exchange for prices based on the particular market where the product was delivered. Operated crude oil revenues are recognized during the month in which control transfers to the customer and it is probable the Company will collect the consideration it is entitled to receive. Crude oil sales proceeds from operated properties are generally received by the Company within one month after the month in which a sale has occurred. Operated crude oil revenues are presented separately from transportation expenses as the Company controls the operated production prior to its transfer to customers. Transportation expenses associated with the Company's operated crude oil production totaled \$41.6 million and \$40.4 million for the three months ended March 31, 2019 and 2018, respectively.

Operated natural gas revenues – The Company sells the majority of its operated natural gas production to midstream customers at its lease locations based on market prices in the field where the sales occur. Under these arrangements, the midstream customers obtain control of the unprocessed gas stream at the lease location and the Company's revenues from each sale are determined using contractually agreed pricing formulas which contain multiple components, including the volume and Btu content of the natural gas sold, the midstream customer's proceeds from the sale of residue gas and natural gas liquids ("NGLs") at secondary downstream markets, and contractual pricing adjustments reflecting the midstream customer's estimated recoupment of its investment over time. Such revenues are recognized net of pricing adjustments applied by the midstream customer during the month in which control transfers to the customer at the delivery point and it is probable the Company will collect the consideration it is entitled to receive. Natural gas sales proceeds from operated properties are generally received by the Company within one month after the month in which a sale has occurred.

Under certain arrangements, the Company has the right to take a volume of processed residue gas and/or NGLs in-kind at the tailgate of the midstream customer's processing plant in lieu of a monetary settlement for the sale of the Company's operated natural gas production. The Company currently takes certain processed residue gas volumes in kind in lieu of monetary

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

settlement, but does not take NGL volumes. When the Company elects to take volumes in kind, it pays third parties to transport the processed products it took in-kind to downstream delivery points, where it then sells to customers at prices applicable to those downstream markets. In such situations, operated revenues are recognized during the month in which control transfers to the customer at the delivery point and it is probable the Company will collect the consideration it is entitled to receive. Operated sales proceeds are generally received by the Company within one month after the month in which a sale has occurred. In these scenarios, the Company's revenues include the pricing adjustments applied by the midstream processing entity according to the applicable contractual pricing formula, but exclude the transportation expenses the Company incurs to transport the processed products to downstream customers. Transportation expenses associated with these arrangements totaled \$7.5 million and \$8.9 million for the three months ended March 31, 2019 and 2018, respectively, comprised entirely of costs to transport processed residue gas.

Non-operated crude oil and natural gas revenues – The Company's proportionate share of production from non-operated properties is generally marketed at the discretion of the operators. For non-operated properties, the Company receives a net payment from the operator representing its proportionate share of sales proceeds which is net of costs incurred by the operator, if any. Such non-operated revenues are recognized at the net amount of proceeds to be received by the Company during the month in which production occurs and it is probable the Company will collect the consideration it is entitled to receive. Proceeds are generally received by the Company within two to three months after the month in which production occurs.

Revenues from derivative instruments – See Note 5. *Derivative Instruments* for discussion of the Company's accounting for its derivative instruments.

Revenues from service operations – Revenues from the Company's crude oil and natural gas service operations consist primarily of revenues associated with water gathering, recycling, and disposal activities and the treatment and sale of crude oil reclaimed from waste products. Revenues associated with such activities, which are derived using market-based rates or rates commensurate with industry guidelines, are recognized during the month in which services are performed, the Company has an unconditional right to receive payment, and collectability is probable. Payment is generally received by the Company within one month after the month in which services are provided.

Disaggregation of crude oil and natural gas revenues

The following table presents the disaggregation of the Company's crude oil and natural gas revenues for the three months ended March 31, 2019 and 2018.

<i>In thousands</i>	Three months ended March 31, 2019			Three months ended March 31, 2018		
	North Region	South Region	Total	North Region	South Region	Total
Crude oil revenues:						
Operated properties	\$ 585,605	\$ 136,547	\$ 722,152	\$ 569,211	\$ 138,453	\$ 707,664
Non-operated properties	178,728	10,238	188,966	182,887	15,730	198,617
Total crude oil revenues	764,333	146,785	911,118	752,098	154,183	906,281
Natural gas revenues:						
Operated properties	51,461	124,698	176,159	51,820	127,254	179,074
Non-operated properties	10,866	11,441	22,307	13,680	14,817	28,497
Total natural gas revenues	62,327	136,139	198,466	65,500	142,071	207,571
Crude oil and natural gas sales	\$ 826,660	\$ 282,924	\$ 1,109,584	\$ 817,598	\$ 296,254	\$ 1,113,852
Timing of revenue recognition						
Goods transferred at a point in time	\$ 826,660	\$ 282,924	\$ 1,109,584	\$ 817,598	\$ 296,254	\$ 1,113,852
Goods transferred over time	—	—	—	—	—	—
	\$ 826,660	\$ 282,924	\$ 1,109,584	\$ 817,598	\$ 296,254	\$ 1,113,852

Performance obligations

The Company satisfies the performance obligations under its crude oil and natural gas sales contracts upon delivery of its production and related transfer of control to customers. Upon delivery of production, the Company has a right to receive consideration from its customers in amounts determined by the sales contracts.

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

All of the Company's outstanding crude oil sales contracts at March 31, 2019 are short-term in nature with contract terms of less than one year. For such contracts, the Company has utilized the practical expedient in Accounting Standards Codification ("ASC") 606-10-50-14 exempting the Company from disclosure of the transaction price allocated to remaining performance obligations, if any, if the performance obligation is part of a contract that has an original expected duration of one year or less.

The majority of the Company's operated natural gas production is sold at lease locations to midstream customers under multi-year term contracts. For such contracts having a term greater than one year, the Company has utilized the practical expedient in ASC 606-10-50-14A which indicates an entity is not required to disclose the transaction price allocated to remaining performance obligations, if any, if variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under the Company's sales contracts, whether for crude oil or natural gas, each unit of production delivered to a customer represents a separate performance obligation; therefore, future volumes to be delivered are wholly unsatisfied at period-end and disclosure of the transaction price allocated to remaining performance obligations is not applicable.

Contract balances

Under the Company's crude oil and natural gas sales contracts or activities that give rise to service revenues, the Company recognizes revenue after its performance obligations have been satisfied, at which point the Company has an unconditional right to receive payment. Accordingly, the Company's commodity sales contracts and service activities generally do not give rise to contract assets or contract liabilities under ASC Topic 606. Instead, the Company's unconditional rights to receive consideration are presented as a receivable within "Receivables—Crude oil and natural gas sales" or "Receivables—Joint interest and other, net", as applicable, in its condensed consolidated balance sheets.

Revenues from previously satisfied performance obligations

To record revenues for commodity sales, at the end of each month the Company estimates the amount of production delivered and sold to customers and the prices to be received for such sales. Differences between estimated revenues and actual amounts received for all prior months are recorded in the month payment is received from the customer and are reflected in the financial statements within the caption "Crude oil and natural gas sales". Revenues recognized during the three months ended March 31, 2019 and 2018 related to performance obligations satisfied in prior reporting periods were not material.

Note 5. Derivative Instruments

Natural gas derivatives

From time to time the Company has entered into natural gas swap and collar derivative contracts to economically hedge against the variability in cash flows associated with future sales of natural gas production. The Company recognizes its derivative instruments on the balance sheet as either assets or liabilities measured at fair value. The Company has not designated its derivatives as hedges for accounting purposes and, as a result, marks such derivative instruments to fair value and recognizes the changes in fair value in the unaudited condensed consolidated statements of comprehensive income under the caption "Gain (loss) on natural gas derivatives, net".

The Company's natural gas derivative contracts are settled based upon reported NYMEX Henry Hub settlement prices. The estimated fair value of derivatives is based upon various factors, including commodity exchange prices, over-the-counter quotations and, in the case of collars, volatility, the risk-free interest rate, and the time to expiration. The calculation of the fair value of collars requires the use of an option-pricing model. See *Note 6. Fair Value Measurements*.

With respect to a natural gas fixed price swap contract, the counterparty is required to make a payment to the Company if the settlement price for any settlement period is less than the swap price, and the Company is required to make a payment to the counterparty if the settlement price for any settlement period is greater than the swap price. For a natural gas collar contract, the counterparty is required to make a payment to the Company if the settlement price for any settlement period is below the floor price, and the Company is required to make a payment to the counterparty if the settlement price for any settlement period is above the ceiling price. Neither party is required to make a payment to the other party if the settlement price for any settlement period is between the floor price and the ceiling price.

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

At March 31, 2019 the Company had outstanding natural gas derivative contracts as set forth in the table below. The volumes reflected below represent an aggregation of multiple derivative contracts having similar remaining durations expected to be realized ratably over the reflected period. At March 31, 2019 the Company had no outstanding crude oil derivative contracts.

Period and Type of Contract	MMBtus	Swaps Weighted Average Price
April 2019 - December 2019		
Swaps - Henry Hub	158,675,000	\$ 2.80

Natural gas derivative gains and losses

Cash receipts and payments in the following table reflect the gain or loss on derivative contracts which matured during the period, calculated as the difference between the contract price and the market settlement price of matured contracts. Non-cash gains and losses below represent the change in fair value of derivative instruments which continue to be held at period end and the reversal of previously recognized non-cash gains or losses on derivative contracts that matured during the period.

<i>In thousands</i>	Three months ended March 31,	
	2019	2018
Cash received on derivatives:		
Natural gas fixed price swaps	\$ 7,645	\$ 4,196
Natural gas collars	5,417	—
Cash received on derivatives, net	13,062	4,196
Non-cash gain (loss) on derivatives:		
Natural gas fixed price swaps	(8,704)	5,978
Natural gas collars	(5,482)	—
Non-cash gain (loss) on derivatives, net	(14,186)	5,978
Gain (loss) on natural gas derivatives, net	\$ (1,124)	\$ 10,174

Balance sheet offsetting of derivative assets and liabilities

The Company's derivative contracts are recorded at fair value in the condensed consolidated balance sheets under the captions "Derivative assets", "Noncurrent derivative assets", "Derivative liabilities", and "Noncurrent derivative liabilities", as applicable. Derivative assets and liabilities with the same counterparty that are subject to contractual terms which provide for net settlement are reported on a net basis in the condensed consolidated balance sheets.

The following table presents the gross amounts of recognized natural gas derivative assets and liabilities, as applicable, the amounts offset under netting arrangements with counterparties, and the resulting net amounts presented in the condensed consolidated balance sheets for the periods presented, all at fair value.

<i>In thousands</i>	March 31, 2019	December 31, 2018
Commodity derivative assets:		
Gross amounts of recognized assets	\$ 4,622	\$ 16,789
Gross amounts offset on balance sheet	(2,647)	(1,177)
Net amounts of assets on balance sheet	1,975	15,612
Commodity derivative liabilities:		
Gross amounts of recognized liabilities	(3,196)	(1,177)
Gross amounts offset on balance sheet	2,647	1,177
Net amounts of liabilities on balance sheet	\$ (549)	\$ —

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

The following table reconciles the net amounts disclosed above to the individual financial statement line items in the condensed consolidated balance sheets.

<i>In thousands</i>	March 31, 2019	December 31, 2018
Derivative assets	\$ 1,975	\$ 15,612
Noncurrent derivative assets	—	—
Net amounts of assets on balance sheet	1,975	15,612
Derivative liabilities	(549)	—
Noncurrent derivative liabilities	—	—
Net amounts of liabilities on balance sheet	(549)	—
Total derivative assets, net	\$ 1,426	\$ 15,612

Note 6. Fair Value Measurements

The Company follows a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The three levels are defined as follows:

- Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date.
- Level 2: Observable market-based inputs or unobservable inputs corroborated by market data. These are inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3: Unobservable inputs not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

A financial instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Level 1 inputs are given the highest priority in the fair value hierarchy while Level 3 inputs are given the lowest priority. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement of assets and liabilities within the levels of the hierarchy. As Level 1 inputs generally provide the most reliable evidence of fair value, the Company uses Level 1 inputs when available. The Company's policy is to recognize transfers between the hierarchy levels as of the beginning of the reporting period in which the event or change in circumstances caused the transfer.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company's derivative instruments are reported at fair value on a recurring basis. In determining the fair values of swap contracts, a discounted cash flow method is used due to the unavailability of relevant comparable market data for the Company's exact contracts. The discounted cash flow method estimates future cash flows based on quoted market prices for forward commodity prices and a risk-adjusted discount rate. The fair values of swap contracts are calculated mainly using significant observable inputs (Level 2). Calculation of the fair values of collars requires the use of an industry-standard option pricing model that considers various inputs including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. These assumptions are observable in the marketplace or can be corroborated by active markets or broker quotes and are therefore designated as Level 2 within the valuation hierarchy. The Company's calculation of fair value for each of its derivative positions is compared to the counterparty valuation for reasonableness.

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

The following tables summarize the valuation of financial instruments by pricing levels that were accounted for at fair value on a recurring basis as of March 31, 2019 and December 31, 2018.

<i>In thousands</i>	Fair value measurements at March 31, 2019 using:			Total
	Level 1	Level 2	Level 3	
Derivative assets:				
Swaps	\$ —	\$ 1,426	\$ —	\$ 1,426
Total	\$ —	\$ 1,426	\$ —	\$ 1,426

<i>In thousands</i>	Fair value measurements at December 31, 2018 using:			Total
	Level 1	Level 2	Level 3	
Derivative assets:				
Swaps	\$ —	\$ 10,130	\$ —	\$ 10,130
Collars	—	5,482	—	5,482
Total	\$ —	\$ 15,612	\$ —	\$ 15,612

Assets Measured at Fair Value on a Nonrecurring Basis

Certain assets are reported at fair value on a nonrecurring basis in the condensed consolidated financial statements. The following methods and assumptions were used to estimate the fair values for those assets.

Asset impairments – Proved crude oil and natural gas properties are reviewed for impairment on a field-by-field basis each quarter. The estimated future cash flows expected in connection with the field are compared to the carrying amount of the field to determine if the carrying amount is recoverable. If the carrying amount of the field exceeds its estimated undiscounted future cash flows, the carrying amount of the field is reduced to its estimated fair value. Risk-adjusted probable and possible reserves may be taken into consideration when determining estimated future net cash flows and fair value when such reserves exist and are economically recoverable. Due to the unavailability of relevant comparable market data, a discounted cash flow method is used to determine the fair value of proved properties. The discounted cash flow method estimates future cash flows based on the Company's estimates of future crude oil and natural gas production, commodity prices based on commodity futures price strips adjusted for differentials, operating costs, and a risk-adjusted discount rate. The fair value of proved crude oil and natural gas properties is calculated using significant unobservable inputs (Level 3). The following table sets forth quantitative information about the significant unobservable inputs used by the Company at March 31, 2019 to calculate the fair value of proved crude oil and natural gas properties using a discounted cash flow method.

Unobservable Input	Assumption
Future production	Future production estimates for each property
Forward commodity prices	Forward NYMEX strip prices through 2023 (adjusted for differentials), escalating 3% per year thereafter
Operating costs	Estimated costs for the current year, escalating 3% per year thereafter
Productive life of properties	Up to 50 years
Discount rate	10%

Unobservable inputs to the fair value assessment are reviewed quarterly and are revised as warranted based on a number of factors, including reservoir performance, new drilling, crude oil and natural gas prices, changes in costs, technological advances, new geological or geophysical data, or other economic factors. Fair value measurements of proved properties are reviewed and approved by certain members of the Company's management.

For the three months ended March 31, 2019 and 2018, estimated future net cash flows were determined to be in excess of cost basis, therefore no impairment was recorded for the Company's proved crude oil and natural gas properties for those periods.

Certain unproved crude oil and natural gas properties were impaired during the three months ended March 31, 2019 and 2018, reflecting recurring amortization of undeveloped leasehold costs on properties the Company expects will not be transferred to proved properties over the lives of the leases based on drilling plans, experience of successful drilling, and the average holding period.

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

The following table sets forth the non-cash impairments of both proved and unproved properties for the indicated periods. Proved and unproved property impairments are recorded under the caption “Property impairments” in the unaudited condensed consolidated statements of comprehensive income.

<i>In thousands</i>	Three months ended March 31,	
	2019	2018
Proved property impairments	\$ —	\$ —
Unproved property impairments	25,316	33,784
Total	\$ 25,316	\$ 33,784

Financial Instruments Not Recorded at Fair Value

The following table sets forth the estimated fair values of financial instruments that are not recorded at fair value in the condensed consolidated financial statements.

<i>In thousands</i>	March 31, 2019		December 31, 2018	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Debt:				
Credit facility	\$ —	\$ —	\$ —	\$ —
Note payable	7,119	7,100	7,700	7,700
5% Senior Notes due 2022	1,598,496	1,611,700	1,598,404	1,590,900
4.5% Senior Notes due 2023	1,489,536	1,550,900	1,488,960	1,476,300
3.8% Senior Notes due 2024	993,436	1,007,500	993,151	947,200
4.375% Senior Notes due 2028	988,879	1,027,800	988,617	942,800
4.9% Senior Notes due 2044	691,559	710,400	691,517	618,800
Total debt	\$ 5,769,025	\$ 5,915,400	\$ 5,768,349	\$ 5,583,700

The fair value of the note payable is determined using a discounted cash flow approach based on the interest rate and payment terms of the note payable and an assumed discount rate. The fair value of the note payable is significantly influenced by the discount rate assumption, which is derived by the Company and is unobservable. Accordingly, the fair value of the note payable is classified as Level 3 in the fair value hierarchy.

The fair values of the 5% Senior Notes due 2022 (“2022 Notes”), the 4.5% Senior Notes due 2023 (“2023 Notes”), the 3.8% Senior Notes due 2024 (“2024 Notes”), the 4.375% Senior Notes due 2028 (“2028 Notes”), and the 4.9% Senior Notes due 2044 (“2044 Notes”) are based on quoted market prices and, accordingly, are classified as Level 1 in the fair value hierarchy.

The carrying values of all classes of cash and cash equivalents, trade receivables, and trade payables are considered to be representative of their respective fair values due to the short term maturities of those instruments.

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

Note 7. Long-Term Debt

Long-term debt, net of unamortized discounts, premiums, and debt issuance costs totaling \$38.1 million and \$39.4 million at March 31, 2019 and December 31, 2018, respectively, consists of the following.

<i>In thousands</i>	March 31, 2019	December 31, 2018
Credit facility	\$ —	\$ —
Note payable	7,119	7,700
5% Senior Notes due 2022	1,598,496	1,598,404
4.5% Senior Notes due 2023	1,489,536	1,488,960
3.8% Senior Notes due 2024	993,436	993,151
4.375% Senior Notes due 2028	988,879	988,617
4.9% Senior Notes due 2044	691,559	691,517
Total debt	\$ 5,769,025	\$ 5,768,349
Less: Current portion of long-term debt	2,378	2,360
Long-term debt, net of current portion	\$ 5,766,647	\$ 5,765,989

Credit Facility

The Company has an unsecured credit facility, maturing on April 9, 2023, with aggregate lender commitments totaling \$1.5 billion. The Company had no outstanding borrowings on its credit facility at March 31, 2019 and December 31, 2018.

Borrowings under the credit facility, if any, bear interest at market-based interest rates plus a margin based on the terms of the borrowing and the credit ratings assigned to the Company's senior, unsecured, long-term indebtedness. The Company incurs commitment fees based on currently assigned credit ratings of 0.20% per annum on the daily average amount of unused borrowing availability.

The credit facility contains certain restrictive covenants including a requirement that the Company maintain a consolidated net debt to total capitalization ratio of no greater than 0.65 to 1.00. This ratio represents the ratio of net debt (calculated as total face value of debt plus outstanding letters of credit less cash and cash equivalents) divided by the sum of net debt plus total shareholders' equity plus, to the extent resulting in a reduction of total shareholders' equity, the amount of any non-cash impairment charges incurred, net of any tax effect, after June 30, 2014. The Company was in compliance with the credit facility covenants at March 31, 2019.

Senior Notes

The following table summarizes the face values, maturity dates, semi-annual interest payment dates, and optional redemption periods related to the Company's outstanding senior note obligations at March 31, 2019.

	2022 Notes (1)	2023 Notes	2024 Notes	2028 Notes	2044 Notes
Face value (in thousands)	\$1,600,000	\$1,500,000	\$1,000,000	\$1,000,000	\$700,000
Maturity date	Sep 15, 2022	April 15, 2023	June 1, 2024	January 15, 2028	June 1, 2044
Interest payment dates	March 15, Sep 15	April 15, Oct 15	June 1, Dec 1	Jan 15, July 15	June 1, Dec 1
Make-whole redemption period (2)	—	Jan 15, 2023	Mar 1, 2024	Oct 15, 2027	Dec 1, 2043

- (1) The Company has the option to redeem all or a portion of its remaining 2022 Notes at the decreasing redemption prices specified in the indenture related to the 2022 Notes plus any accrued and unpaid interest to the date of redemption.
- (2) At any time prior to the indicated dates, the Company has the option to redeem all or a portion of its senior notes of the applicable series at the "make-whole" redemption amounts specified in the respective senior note indentures plus any accrued and unpaid interest to the date of redemption. On or after the indicated dates, the Company may redeem all or a portion of its senior notes at a redemption amount equal to 100% of the principal amount of the senior notes being redeemed plus any accrued and unpaid interest to the date of redemption.

The Company's senior notes are not subject to any mandatory redemption or sinking fund requirements.

The indentures governing the Company's senior notes contain covenants that, among other things, limit the Company's ability to create liens securing certain indebtedness, enter into certain sale-leaseback transactions, or consolidate, merge or transfer

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

certain assets. The senior note covenants are subject to a number of important exceptions and qualifications. The Company was in compliance with these covenants at March 31, 2019.

Three of the Company's wholly-owned subsidiaries, Banner Pipeline Company, L.L.C., CLR Asset Holdings, LLC, and The Mineral Resources Company, the value of whose assets, equity, and results of operations are minor, fully and unconditionally guarantee the senior notes on a joint and several basis. The Company's other subsidiaries, the value of whose assets, equity, and results of operations attributable to the Company are minor, do not guarantee the senior notes.

Note Payable

In February 2012, 20 Broadway Associates LLC, a wholly-owned subsidiary of the Company, borrowed \$22 million under a 10-year amortizing term loan secured by the Company's corporate office building in Oklahoma City, Oklahoma. The loan bears interest at a fixed rate of 3.14% per annum. Principal and interest are payable monthly through the loan's maturity date of February 26, 2022. Accordingly, approximately \$2.4 million is reflected as a current liability under the caption "Current portion of long-term debt" in the condensed consolidated balance sheets as of March 31, 2019.

Note 8. Leases

In February 2016 the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires companies to recognize a right-of-use asset and related liability on the balance sheet for the rights and obligations arising from leases with durations greater than twelve months. The standard became effective for interim and annual reporting periods beginning after December 15, 2018. The Company adopted the new standard on January 1, 2019 on a prospective basis using the simplified transition method prescribed by ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Offsetting right-of-use assets and lease liabilities recognized by the Company on the January 1, 2019 adoption date totaled approximately \$19 million, representing minimum payment obligations associated with drilling rig commitments, surface use agreements, equipment, and other leases with contractual durations in excess of one year. No cumulative-effect adjustment to retained earnings was recognized upon adoption of the new standard.

The Company has elected to account for lease and non-lease components in its contracts as a single lease component for all asset classes. Additionally, the Company has elected not to apply the recognition requirements of ASC Topic 842 to leases with durations of twelve months or less and has elected to use hindsight in determining the lease term for all leases. The Company's leasing activities as a lessor are negligible.

Presented below are disclosures required by the new lease standard. The amounts disclosed herein primarily represent costs associated with properties operated by the Company that are presented on a gross basis and do not reflect the Company's net proportionate share of such amounts. A portion of these costs have been or will be billed to other working interest owners. Once paid, the Company's share of these costs are included in property and equipment, production expenses, or general and administrative expenses, as applicable.

The Company's lease liabilities recognized on the balance sheet as a lessee totaled \$16.1 million as of March 31, 2019 at discounted present value, which is comprised of the asset classes reflected in the table below. All leases recognized on the Company's balance sheet are classified as operating leases.

<i>In thousands</i>	Amount
Drilling rig commitments	\$ 10,543
Surface use agreements	3,791
Field equipment	1,384
Other	381
Total	\$ 16,099

Drilling rig commitments reflected above represent minimum payment obligations expected to be incurred through February 2020 on enforceable commitments with durations in excess of one year beyond January 1, 2019.

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

Minimum future commitments by year for the Company's operating leases as of March 31, 2019 are presented in the table below. Such commitments are reflected at undiscounted values and are reconciled to the discounted present value recognized on the balance sheet.

<i>In thousands</i>	Amount
Remainder of 2019	\$ 9,819
2020	2,300
2021	706
2022	691
2023	624
Thereafter	4,872
Total operating lease liabilities, at undiscounted value	\$ 19,012
Less: Imputed interest	(2,913)
Total operating lease liabilities, at discounted present value	\$ 16,099
Less: Current portion of operating lease liabilities	(11,092)
Operating lease liabilities, net of current portion	\$ 5,007

Additional information for the Company's operating leases is presented below. Lease costs are reflected at gross amounts and primarily represent costs incurred for drilling rigs, most of which are short term contracts that are not recognized as right-of-use assets and lease liabilities on the balance sheet. Variable lease costs primarily represent differences between minimum payment obligations and actual operating day-rate charges incurred by the Company for its long term drilling rig contracts.

<i>In thousands, except weighted average data</i>	Three months ended March 31, 2019
Lease costs:	
Operating lease costs	\$ 3,273
Variable lease costs	3,122
Short-term lease costs	55,161
Total lease costs	\$ 61,556
Other information:	
Operating cash flows from operating leases included in lease liabilities	\$ 199
Weighted average remaining lease term	5.9 years
Weighted average discount rate	4.7%

Note 9. Commitments and Contingencies

Included below is a discussion of certain future commitments and contingencies of the Company as of March 31, 2019.

Drilling rig commitments – As of March 31, 2019, the Company has drilling rig contracts with various terms extending to February 2020 to ensure rig availability in its key operating areas. Future operating day-rate commitments as of March 31, 2019 total approximately \$83 million, of which \$82 million is expected to be incurred in the remainder of 2019 and \$1 million in 2020. A portion of these future costs will be borne by other interest owners. Such future commitments include minimum payment obligations to be incurred through February 2020 with a discounted present value totaling \$10.5 million that are required to be recognized on the Company's balance sheet at March 31, 2019 in accordance with ASC Topic 842 as discussed in *Note 8. Leases*.

Other lease commitments – The Company has various other lease commitments primarily associated with surface use agreements and field equipment. See *Note 8. Leases* for additional information.

Transportation and processing commitments – The Company has entered into transportation and processing commitments to guarantee capacity on crude oil and natural gas pipelines and natural gas processing facilities. The commitments, which have varying terms extending as far as 2028, require the Company to pay per-unit transportation or processing charges regardless of

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

the amount of capacity used. Future commitments remaining as of March 31, 2019 under the arrangements amount to approximately \$1.74 billion, of which \$182 million is expected to be incurred in the remainder of 2019, \$269 million in 2020, \$250 million in 2021, \$245 million in 2022, \$245 million in 2023, and \$551 million thereafter. A portion of these future costs will be borne by other interest owners. The Company is not committed under the above contracts to deliver fixed and determinable quantities of crude oil or natural gas in the future. These commitments do not qualify as leases under ASC Topic 842 and are not recognized on the Company's balance sheet.

Litigation – In November 2010, a putative class action was filed in the District Court of Blaine County, Oklahoma by Billy J. Strack and Daniela A. Renner as trustees of certain named trusts and on behalf of other similarly situated parties against the Company. The Petition, as amended, alleged the Company improperly deducted post-production costs from royalties paid to plaintiffs and other royalty interest owners from crude oil and natural gas wells located in Oklahoma. The plaintiffs alleged a number of claims, including breach of contract, fraud, breach of fiduciary duty, unjust enrichment, and other claims and sought recovery of compensatory damages, interest, punitive damages and attorney fees on behalf of the proposed class. The Company denied all allegations and denied that the case was properly brought as a class action. Due to the uncertainty of and burdens of litigation, in February 2018 the Company reached a settlement in connection with this matter, which was subsequently approved by the District Court of Garfield County, Oklahoma in June 2018. Under the settlement, the Company initially expected to make payments and incur costs associated with the settlement of approximately \$59.6 million and accrued a loss for such amount at December 31, 2017. In the third quarter of 2018, the Company made payments totaling \$45.8 million to satisfy the majority of its obligations under the settlement. The Company's remaining loss accrual for this matter totals \$21.1 million at March 31, 2019, representing additional settlement obligations expected to be satisfied in the third quarter of 2019. The accrual for this matter is included in "Accrued liabilities and other" on the condensed consolidated balance sheets.

The Company is involved in various other legal proceedings including, but not limited to, commercial disputes, claims from royalty and surface owners, property damage claims, personal injury claims, regulatory compliance matters, disputes with tax authorities and other matters. While the outcome of these legal matters cannot be predicted with certainty, the Company does not expect them to have a material effect on its financial condition, results of operations or cash flows. In addition to the accrued loss on the matter described above, as of March 31, 2019 and December 31, 2018 the Company had recorded a liability in the condensed consolidated balance sheets under the caption "Other noncurrent liabilities" of \$4.5 million and \$4.7 million, respectively, for various matters, none of which are believed to be individually significant.

Environmental risk – Due to the nature of the crude oil and natural gas business, the Company is exposed to possible environmental risks. The Company is not aware of any material environmental issues or claims.

Note 10. Stock-Based Compensation

The Company has granted restricted stock to employees and directors pursuant to the Continental Resources, Inc. 2013 Long-Term Incentive Plan ("2013 Plan") as discussed below. The Company's associated compensation expense, which is included in the caption "General and administrative expenses" in the unaudited condensed consolidated statements of comprehensive income, was \$12.1 million and \$10.9 million for the three months ended March 31, 2019 and 2018, respectively.

In May 2013, the Company adopted the 2013 Plan and reserved 19,680,072 shares of common stock that may be issued pursuant to the plan. As of March 31, 2019, the Company had 12,989,625 shares of common stock available for long-term incentive awards to employees and directors under the 2013 Plan.

Restricted stock is awarded in the name of the recipient and constitutes issued and outstanding shares of the Company's common stock for all corporate purposes during the period of restriction and, except as otherwise provided under the 2013 Plan or agreement relevant to a given award, includes the right to vote the restricted stock and to receive dividends, subject to forfeiture. Restricted stock grants generally vest over periods ranging from one to three years.

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

A summary of changes in non-vested restricted shares outstanding for the three months ended March 31, 2019 is presented below.

	Number of non-vested shares	Weighted average grant-date fair value
Non-vested restricted shares outstanding at December 31, 2018	4,022,409	\$ 38.44
Granted	1,333,602	44.32
Vested	(1,566,904)	21.65
Forfeited	(147,074)	46.85
Non-vested restricted shares outstanding at March 31, 2019	3,642,033	\$ 47.48

The grant date fair value of restricted stock represents the closing market price of the Company's common stock on the date of grant. Compensation expense for a restricted stock grant is determined at the grant date fair value and is recognized over the vesting period as services are rendered by employees and directors. The Company estimates the number of forfeitures expected to occur in determining the amount of stock-based compensation expense to recognize. There are no post-vesting restrictions related to the Company's restricted stock. The fair value at the vesting date of restricted stock that vested during the three months ended March 31, 2019 was approximately \$74 million. As of March 31, 2019, there was approximately \$110 million of unrecognized compensation expense related to non-vested restricted stock. This expense is expected to be recognized over a weighted average period of 1.9 years.

Note 11. Accumulated Other Comprehensive Income

Adjustments resulting from the process of translating foreign functional currency financial statements into U.S. dollars are included in "Accumulated other comprehensive income" within shareholders' equity attributable to Continental Resources on the condensed consolidated balance sheets and "Other comprehensive income, net of tax" in the unaudited condensed consolidated statements of comprehensive income. The following table summarizes the change in accumulated other comprehensive income for the three months ended March 31, 2019 and 2018:

<i>In thousands</i>	Three months ended March 31,	
	2019	2018
Beginning accumulated other comprehensive income, net of tax	\$ 415	\$ 307
Foreign currency translation adjustments	116	2
Income taxes (1)	—	—
Other comprehensive income, net of tax	116	2
Ending accumulated other comprehensive income, net of tax	\$ 531	\$ 309

- (1) A valuation allowance has been recognized against all deferred tax assets associated with losses generated by the Company's Canadian operations, thereby resulting in no income taxes on other comprehensive income.

Note 12. Income Taxes

Income taxes are accounted for using the liability method under which deferred income taxes are recognized for the future tax effects of temporary differences between financial statement carrying amounts and the tax basis of existing assets and liabilities using the enacted statutory tax rates in effect at period-end. The effect on deferred taxes for a change in tax rates is recognized in income in the period that includes the enactment date. The Company's policy is to recognize penalties and interest related to unrecognized tax benefits, if any, in income tax expense. A valuation allowance for deferred tax assets is recorded when it is more likely than not that the benefit from the deferred tax asset will not be realized.

Continental Resources, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

The Company's provision for income taxes totaled \$52.0 million and \$71.5 million for the three months ended March 31, 2019 and 2018, respectively. These amounts differ from the amounts computed by applying the United States statutory federal income tax rate to net income before income taxes. The sources and tax effects of the differences are reflected in the table below:

<i>\$ in thousands</i>	Three months ended March 31,			
	2019	Tax rate %	2018	Tax rate %
Expected income tax provision based on US statutory tax rate	\$ (50,081)	21.0%	\$ (64,151)	21.0%
State income taxes, net of federal benefit	(7,798)	3.3%	(9,164)	3.0%
Tax benefit from stock-based compensation	8,318	(3.5%)	1,509	(0.5%)
Other, net	(2,429)	1.0%	270	(0.1%)
Provision for income taxes	\$ (51,990)	21.8%	\$ (71,536)	23.4%

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included elsewhere in this report and our historical consolidated financial statements and notes included in our Form 10-K for the year ended December 31, 2018. Our operating results for the periods discussed below may not be indicative of future performance. The following discussion and analysis includes forward-looking statements and should be read in conjunction with the risk factors described in *Part II, Item 1A. Risk Factors* included in this report, if any, and in our Form 10-K for the year ended December 31, 2018, along with *Cautionary Statement for the Purpose of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995* at the beginning of this report, for information about the risks and uncertainties that could cause our actual results to be materially different than our forward-looking statements.

Overview

We are an independent crude oil and natural gas company engaged in the exploration, development and production of crude oil and natural gas. Additionally, we pursue the acquisition and management of perpetually owned minerals located in certain of our key operating areas. We derive the majority of our operating income and cash flows from the sale of crude oil and natural gas and expect this to continue in the future. Our operations are primarily focused on exploration and development activities in the Bakken field of North Dakota and Montana and the SCOOP and STACK areas of Oklahoma. Our common stock trades on the New York Stock Exchange under the symbol "CLR" and our corporate internet website is www.clr.com.

First Quarter 2019 Highlights

- Total production for the first quarter of 2019 averaged 332,236 Boe per day, up 3% sequentially from the fourth quarter of 2018 and 16% higher than the first quarter of 2018.
- Average daily crude oil production increased 4% over the 2018 fourth quarter and 18% over the 2018 first quarter driven by strong production growth in the Bakken field and Project SpringBoard play in SCOOP.
- Bakken average daily crude oil production increased 8% over the 2018 fourth quarter and 22% over the 2018 first quarter.
- Crude oil sales price differentials improved significantly from late 2018 levels to \$4.77 per barrel for the 2019 first quarter compared to \$8.44 per barrel for the 2018 fourth quarter.
- Maintained low per-unit production expenses through the winter months at \$3.59 per Boe for the 2019 first quarter.
- Debt reduction over the past year generated an \$8.1 million, or 11%, decrease in interest expense in the 2019 first quarter compared to the 2018 first quarter.

The following table contains financial and operating highlights for the periods presented. Average net sales prices exclude any effect of derivative transactions. Per-unit expenses have been calculated using sales volumes.

	Three months ended March 31,	
	2019	2018
Average daily production:		
Crude oil (Bbl per day)	193,921	163,837
Natural gas (Mcf per day)	829,891	741,442
Crude oil equivalents (Boe per day)	332,236	287,410
Average net sales prices (1):		
Crude oil (\$/Bbl)	\$ 50.05	\$ 58.98
Natural gas (\$/Mcf)	\$ 2.56	\$ 2.98
Crude oil equivalents (\$/Boe)	\$ 35.56	\$ 41.26
Crude oil net sales price discount to NYMEX (\$/Bbl)	\$ (4.77)	\$ (3.91)
Natural gas net sales price discount to NYMEX (\$/Mcf)	\$ (0.60)	\$ —
Production expenses (\$/Boe)	\$ 3.59	\$ 3.60
Production taxes (% of net crude oil and natural gas sales)	8.2%	7.6%
Depreciation, depletion, amortization and accretion (\$/Boe)	\$ 16.60	\$ 17.61
Total general and administrative expenses (\$/Boe)	\$ 1.60	\$ 1.67

(1) See the subsequent section titled *Non-GAAP Financial Measures* for a discussion and calculation of net sales prices, which are non-GAAP measures.

Three months ended March 31, 2019 compared to the three months ended March 31, 2018

Results of Operations

The following table presents selected financial and operating information for the periods presented.

<i>In thousands</i>	Three months ended March 31,	
	2019	2018
Crude oil and natural gas sales	\$ 1,109,584	\$ 1,113,852
Gain (loss) on natural gas derivatives, net	(1,124)	10,174
Crude oil and natural gas service operations	15,774	17,002
Total revenues	1,124,234	1,141,028
Operating costs and expenses	(819,269)	(760,306)
Other expenses, net	(66,482)	(75,240)
Income before income taxes	238,483	305,482
Provision for income taxes	(51,990)	(71,536)
Net income	\$ 186,493	\$ 233,946
Production volumes:		
Crude oil (MBbl)	17,453	14,745
Natural gas (MMcf)	74,690	66,730
Crude oil equivalents (MBoe)	29,901	25,867
Sales volumes:		
Crude oil (MBbl)	17,373	14,682
Natural gas (MMcf)	74,690	66,730
Crude oil equivalents (MBoe)	29,821	25,804

Production

The following table summarizes the changes in our average daily Boe production by major operating area for the periods presented.

<i>Boe production per day</i>	1Q 2019	1Q 2018	% Change from 1Q 2018	4Q 2018	% Change from 4Q 2018
Bakken	199,423	161,356	24%	183,836	8%
SCOOP	67,659	62,012	9%	67,244	1%
STACK	56,513	53,361	6%	62,947	(10%)
All other	8,641	10,681	(19%)	9,974	(13%)
Total	332,236	287,410	16%	324,001	3%

The following tables reflect our production by product and region for the periods presented.

	Three months ended March 31,				Volume increase	Volume percent increase
	2019		2018			
	Volume	Percent	Volume	Percent		
Crude oil (MBbl)	17,453	58%	14,745	57%	2,708	18%
Natural gas (MMcf)	74,690	42%	66,730	43%	7,960	12%
Total (MBoe)	29,901	100%	25,867	100%	4,034	16%

	Three months ended March 31,				Volume increase	Volume percent increase
	2019		2018			
	MBoe	Percent	MBoe	Percent		
North Region	18,711	63%	15,400	60%	3,311	22%
South Region	11,190	37%	10,467	40%	723	7%
Total	29,901	100%	25,867	100%	4,034	16%

The 18% increase in crude oil production for the 2019 first quarter was primarily driven by a 2,519 MBbls, or 22%, increase in Bakken production due to additional wells being completed. Additionally, crude oil production from the SCOOP play increased 545 MBbls, or 37%, from the prior year first quarter due to new well completions in our oil-weighted Project SpringBoard. These increases were partially offset by decreased crude oil production from various other areas due to natural declines in production.

The 12% increase in natural gas production for the 2019 first quarter was driven by a 5,445 MMcf, or 30%, increase in Bakken gas production in conjunction with the aforementioned increase in Bakken crude oil production over the prior year first quarter. Additionally, natural gas production in the STACK play increased 3,250 MMcf, or 14%, due to additional wells being completed. These increases were partially offset by reduced production from various other areas due to natural declines in production.

Revenues

Our revenues consist of sales of crude oil and natural gas, gains and losses resulting from changes in the fair value of our natural gas derivative instruments, and revenues associated with crude oil and natural gas service operations.

Net crude oil and natural gas sales and related net sales prices presented below are non-GAAP measures. See the subsequent section titled *Non-GAAP Financial Measures* for a discussion and calculation of these measures.

Net crude oil and natural gas sales. Net crude oil and natural gas sales totaled \$1.06 billion for the first quarter of 2019, consistent with net sales of \$1.06 billion for the 2018 first quarter due to offsetting changes in sales volumes and net sales prices as discussed below.

Total sales volumes for the first quarter of 2019 increased 4,017 MBoe, or 16%, compared to the 2018 first quarter, reflecting an increase in drilling and completion activities over the past year. For the first quarter of 2019, our crude oil sales volumes increased 18% from the comparable 2018 period, while our natural gas sales volumes increased 12%.

Our crude oil net sales prices averaged \$50.05 per barrel in the 2019 first quarter, a decrease of 15% compared to \$58.98 per barrel for the 2018 first quarter primarily due to lower crude oil market prices. Crude oil market prices decreased significantly in late 2018 to 18-month lows and remained depressed in early 2019, causing our sales prices to be lower than prices realized in the 2018 first quarter. Crude oil prices have steadily improved from early 2019 levels.

The differential between NYMEX West Texas Intermediate calendar month prices and our realized crude oil net sales prices increased to \$4.77 per barrel for the 2019 first quarter compared to \$3.91 per barrel for the 2018 first quarter, reflecting changes in supply and demand fundamentals in the North region over the past year that created volatility in our Bakken price realizations between periods.

Our 2019 first quarter crude oil price differentials reflect a significant improvement from 2018 fourth quarter differentials, which averaged \$8.44 per barrel, due to an increase in pipeline takeaway capacity, reduced Canadian crude oil imports, and reduced refinery maintenance downtime.

Our natural gas net sales prices averaged \$2.56 per Mcf for the 2019 first quarter, a decrease of 14% compared to \$2.98 per Mcf for the 2018 first quarter. The discount between our net sales prices and NYMEX Henry Hub calendar month prices weakened by \$0.60 per Mcf compared to the 2018 first quarter. We sell the majority of our operated natural gas production to midstream customers at lease locations based on market prices in the field where the sales occur. The field markets are impacted by residue gas and natural gas liquids ("NGLs") prices at secondary, downstream markets. NGL prices in 2019 have decreased from 2018 first quarter levels in conjunction with decreased crude oil prices and other factors, resulting in reduced price realizations for our natural gas sales stream relative to benchmark prices.

Derivatives. Changes in natural gas prices during the first quarter of 2019 had an unfavorable impact on the fair value of our natural gas derivatives, which resulted in negative revenue adjustments of \$1.1 million in the current period compared to positive revenue adjustments of \$10.2 million in the comparable 2018 period.

Operating Costs and Expenses

Production Expenses. Production expenses increased \$14.0 million, or 15%, from \$93.0 million for the first quarter of 2018 to \$107.0 million for the first quarter of 2019 primarily due to an increase in the number of producing wells and related 16% increase in sales volumes. Production expenses on a per-Boe basis averaged \$3.59 for the 2019 first quarter, slightly improved from \$3.60 per Boe recognized for the 2018 first quarter.

Production Taxes. Production taxes increased \$5.8 million, or 7%, to \$86.4 million for the first quarter of 2019 compared to \$80.6 million for the first quarter of 2018, despite lower revenues, primarily due to a significant increase in production and revenues generated in North Dakota from increased well completion activities over the past year. North Dakota has higher production tax rates compared to Oklahoma, which caused our production taxes as a percentage of net crude oil and natural gas sales to increase from 7.6% for the first quarter of 2018 to 8.2% for the first quarter of 2019. Additionally, in March 2018 new legislation was enacted in Oklahoma that increased the state's production tax rate, effective July 1, 2018, from 2% to 5% for the first 36 months of production for wells commencing production after July 1, 2015, which also contributed to the increase in our average production tax rate compared to the prior year first quarter.

Depreciation, Depletion, Amortization and Accretion. Total DD&A increased \$40.6 million, or 9%, to \$495.0 million for the first quarter of 2019 compared to \$454.4 million for the first quarter of 2018 due to an increase in total sales volumes, the impact of which was partially offset by a reduction in our DD&A rate per Boe as further discussed below. The following table shows the components of our DD&A on a unit of sales basis for the periods presented.

<i>\$/Boe</i>	Three months ended March 31,	
	2019	2018
Crude oil and natural gas	\$ 16.37	\$ 17.35
Other equipment	0.16	0.20
Asset retirement obligation accretion	0.07	0.06
Depreciation, depletion, amortization and accretion	\$ 16.60	\$ 17.61

The reduction in our DD&A rate for crude oil and natural gas properties resulted from an increase in proved developed reserves over which costs are depleted due in part to higher average annual commodity prices in 2018 compared to 2017, along with improvements in drilling efficiencies and completion methods that have resulted in an increase in the quantity of proved reserves found and developed per dollar invested.

Property Impairments. There were no proved property impairments recognized in the first quarter periods of 2019 and 2018. Impairments of unproved properties decreased \$8.5 million, or 25%, to \$25.3 million for the 2019 first quarter compared to \$33.8 million for the 2018 first quarter due to a reduction in the balance of unamortized leasehold costs over the past year.

General and Administrative Expenses. Total G&A expenses increased \$4.6 million, or 11%, to \$47.6 million for the first quarter of 2019 compared to \$43.0 million for the first quarter of 2018. Total G&A expenses include non-cash charges for equity compensation of \$12.1 million and \$10.9 million for the first quarters of 2019 and 2018, respectively. G&A expenses other than equity compensation included in the total G&A expense figure above totaled \$35.5 million for the 2019 first quarter, an increase of \$3.4 million, or 11%, compared to \$32.1 million for the 2018 first quarter. We have incurred higher personnel-related costs in 2019 associated with the growth in our operations over the past year; however, the increased costs have been mitigated by higher overhead recoveries from joint interest owners driven by increased drilling and completion activities.

The following table shows the components of G&A expenses on a unit of sales basis for the periods presented.

<i>\$/Boe</i>	Three months ended March 31,	
	2019	2018
General and administrative expenses	\$ 1.19	\$ 1.25
Non-cash equity compensation	0.41	0.42
Total general and administrative expenses	\$ 1.60	\$ 1.67

Interest Expense. Interest expense decreased \$8.1 million, or 11%, to \$67.8 million for the first quarter of 2019 compared to \$75.9 million for the first quarter of 2018 due to a decrease in total outstanding debt. Our weighted average outstanding debt balance was \$5.8 billion for the 2019 first quarter compared to \$6.4 billion for the 2018 first quarter.

Income Taxes. For the first quarters of 2019 and 2018 we provided for income taxes at a combined federal and state tax rate of 24.5% and 24.0%, respectively, of pre-tax income generated by our operations in the United States. We recorded income tax provisions of \$52.0 million and \$71.5 million for the first quarters of 2019 and 2018, respectively, which resulted in effective tax rates of 22% and 23%, respectively, after taking into account statutory tax rates, permanent taxable differences, tax effects from stock-based compensation, and other items. See *Notes to Unaudited Condensed Consolidated Financial Statements—Note 12. Income Taxes* for a summary of the sources and tax effects of items comprising our effective tax rates.

Liquidity and Capital Resources

Our primary sources of liquidity have historically been cash flows generated from operating activities, financing provided by our credit facility and the issuance of debt securities. Additionally, in recent years asset dispositions and joint development arrangements have provided a source of cash flow for use in reducing debt and enhancing liquidity. We intend to continue reducing our long-term debt using available cash flows from operations and/or proceeds from additional potential sales of non-strategic assets or through joint development arrangements; however, no assurance can be given that such transactions will occur.

Based on our planned capital spending, our forecasted cash flows and projected levels of indebtedness, we expect to maintain compliance with the covenants under our credit facility and senior note indentures for at least the next 12 months. Further, we expect to meet in the ordinary course of business other contractual cash commitments to third parties as of March 31, 2019, including those described in *Note 9. Commitments and Contingencies* in *Notes to Unaudited Condensed Consolidated Financial Statements*, recognizing we may be required to meet such commitments even if our business plan assumptions were to change. We monitor our capital spending closely based on actual and projected cash flows and have the ability to reduce spending or dispose of assets to preserve liquidity and financial flexibility if needed to fund our operations.

Cash Flows

Cash flows provided by operating activities

Net cash provided by operating activities totaled \$721.5 million and \$886.2 million for the three months ended March 31, 2019 and 2018, respectively. The decrease in operating cash flows was primarily due to a decrease in crude oil and natural gas revenues driven by lower realized commodity prices in 2019 coupled with the aforementioned increases in production expenses, production taxes, and G&A expenses. The reduced cash flows from these factors were partially offset by higher cash gains on matured natural gas derivatives compared to the 2018 first quarter.

Cash flows used in investing activities

Net cash used in investing activities totaled \$753.1 million and \$628.2 million for the three months ended March 31, 2019 and 2018, respectively. The increase in spending resulted from changes in the timing of our allocation of annual capital spending between periods. Our 2019 capital expenditures reflect an increased pace of development due to improved drilling cycle times and efficiency gains which resulted in more net wells being drilled and completed and a greater portion of our spending being incurred in the first quarter in 2019 compared to 2018. Our capital expenditures budget for full year 2019 is \$2.6 billion compared to \$2.8 billion spent in 2018.

Cash flows from financing activities

Net cash provided by financing activities for the three months ended March 31, 2019 totaled \$13.2 million, which includes \$38.2 million of contributions received from Franco-Nevada Corporation for the funding of its share of mineral acquisition costs incurred by The Mineral Resources Company II, LLC as described below under the heading "Mineral acquisition relationship." Partially offsetting these cash inflows was \$20.6 million of cash paid to taxing authorities to satisfy tax withholdings associated with restricted stock awards that vested during the period.

Net cash used in financing activities for the three months ended March 31, 2018 totaled \$203.7 million, primarily resulting from \$188 million of net repayments on our credit facility using available cash flows from operations.

Future Sources of Financing

Although we cannot provide any assurance, we believe funds from operating cash flows, our remaining cash balance and availability under our credit facility should be sufficient to meet our cash requirements inclusive of, but not limited to, normal operating needs, debt service obligations, planned capital expenditures, and commitments for at least the next 12 months.

Under the current commodity price environment, our planned capital expenditures for 2019 are expected to be funded entirely from operating cash flows. Additionally, we expect to generate cash flows in excess of operating and capital needs, which we plan to apply toward further reduction of debt in the future.

We currently anticipate we will be able to generate or obtain funds sufficient to meet our short-term and long-term cash requirements. If cash flows are materially impacted by declines in commodity prices, we have the ability to reduce our capital expenditures or utilize the availability of our credit facility if needed to fund our operations. We may choose to access the capital markets for additional financing or capital to take advantage of business opportunities that may arise. Further, we may sell assets or enter into strategic joint development opportunities in order to obtain funding for our operations and capital program if such transactions can be executed on satisfactory terms.

Credit facility

We have an unsecured credit facility, maturing in April 2023, with aggregate lender commitments totaling \$1.5 billion. The commitments are from a syndicate of 14 banks and financial institutions. We believe each member of the current syndicate has the capability to fund its commitment.

As of April 29, 2019 we had no outstanding borrowings and approximately \$1.5 billion of borrowing availability on our credit facility.

The commitments under our credit facility are not dependent on a borrowing base calculation subject to periodic redetermination based on changes in commodity prices and proved reserves. Additionally, downgrades or other negative rating actions with respect to our credit rating would not trigger a reduction in our current credit facility commitments, nor would such actions trigger a security requirement or change in covenants. Downgrades of our credit rating will, however, trigger increases in our credit facility's interest rates and commitment fees paid on unused borrowing availability under certain circumstances.

Our credit facility contains restrictive covenants that may limit our ability to, among other things, incur additional indebtedness, incur liens, engage in sale and leaseback transactions, or merge, consolidate or sell all or substantially all of our assets. Our credit facility also contains a requirement that we maintain a consolidated net debt to total capitalization ratio of no greater than 0.65 to 1.00. See *Notes to Unaudited Condensed Consolidated Financial Statements—Note 7. Long Term Debt* for a discussion of how this ratio is calculated pursuant to our revolving credit agreement.

We were in compliance with our credit facility covenants at March 31, 2019 and expect to maintain compliance for at least the next 12 months. At March 31, 2019, our consolidated net debt to total capitalization ratio was 0.42 to 1.00. We do not believe the credit facility covenants are reasonably likely to limit our ability to undertake additional debt financing to a material extent if needed to support our business.

Future Capital Requirements

Senior notes

Our debt includes outstanding senior note obligations totaling \$5.8 billion at March 31, 2019. Our senior notes are not subject to any mandatory redemption or sinking fund requirements. For further information on the face values, maturity dates, semi-annual interest payment dates, optional redemption periods and covenant restrictions related to our senior notes, refer to *Note 7. Long-Term Debt* in *Notes to Unaudited Condensed Consolidated Financial Statements*.

In 2018, we redeemed \$400 million of our \$2.0 billion of 5% Senior Notes due 2022. Under the current commodity price environment we expect to generate cash flows in excess of operating and capital needs, which we plan to apply toward further redemption of our 2022 Notes in the future, the timing and amount of which is uncertain.

We were in compliance with our senior note covenants at March 31, 2019 and expect to maintain compliance for at least the next 12 months. We do not believe the senior note covenants will materially limit our ability to undertake additional debt financing. Downgrades or other negative rating actions with respect to the credit ratings assigned to our senior unsecured debt would not trigger additional senior note covenants.

Mineral acquisition relationship

In October 2018, Continental entered into a strategic relationship with Franco-Nevada Corporation to acquire oil and gas mineral interests within an area of mutual interest in the SCOOP and STACK plays through a minerals subsidiary named The Mineral Resources Company II, LLC ("TMRC II"). Under the relationship, the parties have committed, subject to satisfaction of agreed upon acreage development thresholds, to spend a remaining aggregate total of approximately \$257 million through year-end 2021 to acquire mineral interests. Continental is to fund 20% of future mineral acquisitions and will be entitled to receive between 25% and 50% of total revenues generated by TMRC II based upon performance relative to predetermined production targets, while Franco-Nevada will fund 80% of future acquisitions and will be entitled to receive between 50% and 75% of TMRC II's revenues. Based upon production targets achieved to date, Continental is currently earning 50% of TMRC II's revenues and such allocation will continue for the remainder of 2019.

Capital expenditures

Our capital expenditures budget for 2019 is \$2.6 billion, which is expected to be allocated as reflected below. Acquisition expenditures are not budgeted, with the exception of planned levels of spending for mineral acquisitions made in conjunction with our relationship with Franco-Nevada.

<i>In millions</i>	2019 Budget
Exploration and development	\$ 2,165
Land costs (1)	205
Capital facilities, workovers and other corporate assets	228
Seismic	2
Total 2019 capital budget	\$ 2,600

(1) Includes \$125 million of planned spending for mineral acquisitions by TMRC II. With a carry structure in place, Continental will recoup \$100 million, or 80%, of such spending from Franco-Nevada.

For the three months ended March 31, 2019, we invested \$750.2 million in our capital program excluding \$15.8 million of unbudgeted acquisitions and including \$12.1 million of capital costs associated with increased accruals for capital expenditures. Our 2019 year to date capital expenditures were allocated as shown in the table below. Our first quarter capital expenditures reflect an accelerated pace of development due to improved cycle times and efficiency gains which resulted in more net wells being spud and completed during the quarter than budgeted while using the same number of rigs and completion crews.

<i>In millions</i>	1Q 2019
Exploration and development drilling	\$ 631.1
Land costs (1)	66.1
Capital facilities, workovers and other corporate assets	52.6
Seismic	0.4
Capital expenditures, excluding unbudgeted acquisitions	750.2
Acquisitions of producing properties	15.8
Acquisitions of non-producing properties	—
Total unbudgeted acquisitions	15.8
Total capital expenditures	\$ 766.0

(1) Amount includes \$51 million of mineral acquisitions made by TMRC II during the first quarter, of which \$42 million was recouped from Franco-Nevada.

Our drilling and completion activities and the actual amount and timing of our capital expenditures may differ materially from our budget as a result of, among other things, available cash flows, unbudgeted acquisitions, actual drilling and completion results, the availability of drilling and completion rigs and other services and equipment, the availability of transportation and processing capacity, changes in commodity prices, and regulatory, technological and competitive developments. We monitor our capital spending closely based on actual and projected cash flows and may scale back our spending should commodity prices decrease from current levels. Conversely, an increase in commodity prices from current levels could result in increased capital expenditures. We expect to continue participating as a buyer of properties when and if we have the ability to increase our position in strategic plays at competitive terms.

Commitments and contingencies

Refer to *Note 9. Commitments and Contingencies* in *Notes to Unaudited Condensed Consolidated Financial Statements* for discussion of certain future commitments and contingencies of the Company as of March 31, 2019. We believe our cash flows from operations, our remaining cash balance, and amounts available under our credit facility will be sufficient to satisfy such commitments and contingencies.

Off-balance sheet arrangements

Currently, we do not have any off-balance sheet arrangements with unconsolidated entities to enhance liquidity and capital resources.

Critical Accounting Policies

There have been no changes in our critical accounting policies from those disclosed in our 2018 Form 10-K.

New Accounting Pronouncements

See *Note 2. Basis of Presentation and Significant Accounting Policies* in *Notes to Unaudited Condensed Consolidated Financial Statements* for a discussion of the new lease accounting standard adopted on January 1, 2019 along with a discussion of an accounting pronouncement not yet adopted.

Non-GAAP Financial Measures

Net crude oil and natural gas sales and net sales prices

Revenues and transportation expenses associated with production from our operated properties are reported separately as discussed in *Notes to Unaudited Condensed Consolidated Financial Statements—Note 4. Revenues*. For non-operated properties, we receive a net payment from the operator for our share of sales proceeds which is net of costs incurred by the operator, if any. Such non-operated revenues are recognized at the net amount of proceeds received. As a result, the separate presentation of revenues and transportation expenses from our operated properties differs from the net presentation from non-operated properties. This impacts the comparability of certain operating metrics, such as per-unit sales prices, when such metrics are prepared in accordance with U.S. GAAP using gross presentation for some revenues and net presentation for others.

In order to provide metrics prepared in a manner consistent with how management assesses the Company's operating results and to achieve comparability between operated and non-operated revenues, we have presented crude oil and natural gas sales net of transportation expenses in *Management's Discussion and Analysis of Financial Condition and Results of Operations*, which we refer to as "net crude oil and natural gas sales," a non-GAAP measure. Average sales prices calculated using net crude oil and natural gas sales are referred to as "net sales prices," a non-GAAP measure, and are calculated by taking revenues less transportation expenses divided by sales volumes, whether for crude oil or natural gas, as applicable. Management believes presenting our revenues and sales prices net of transportation expenses is useful because it normalizes the presentation differences between operated and non-operated revenues and allows for a useful comparison of net realized prices to NYMEX benchmark prices on a Company-wide basis.

The following table presents a reconciliation of crude oil and natural gas sales (GAAP) to net crude oil and natural gas sales and related net sales prices (non-GAAP) for the three months ended March 31, 2019 and 2018.

<i>In thousands</i>	Three months ended March 31, 2019			Three months ended March 31, 2018		
	Crude oil	Natural gas	Total	Crude oil	Natural gas	Total
Crude oil and natural gas sales (GAAP)	\$ 911,118	\$ 198,466	\$ 1,109,584	\$ 906,281	\$ 207,571	\$ 1,113,852
Less: Transportation expenses	(41,648)	(7,491)	(49,139)	(40,386)	(8,911)	(49,297)
Net crude oil and natural gas sales (non-GAAP)	\$ 869,470	\$ 190,975	\$ 1,060,445	\$ 865,895	\$ 198,660	\$ 1,064,555
Sales volumes (MBbl/MMcf/MBoe)	17,373	74,690	29,821	14,682	66,730	25,804
Net sales price (non-GAAP)	\$ 50.05	\$ 2.56	\$ 35.56	\$ 58.98	\$ 2.98	\$ 41.26

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

General. We are exposed to a variety of market risks including commodity price risk, credit risk, and interest rate risk. We seek to address these risks through a program of risk management which may include the use of derivative instruments.

Commodity Price Risk. Our primary market risk exposure is in the prices we receive from sales of our crude oil and natural gas production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot market prices applicable to our natural gas production. Pricing for crude oil and natural gas has been volatile and unpredictable for several years, and we expect this volatility to continue in the future. The prices we receive for production depend on many factors outside of our control, including volatility in the differences between product prices at sales points and the applicable index prices. Based on our average daily production for the three months ended March 31, 2019, and excluding any effect of our derivative instruments in place, our annual revenue would increase or decrease by approximately \$708 million for each \$10.00 per barrel change in crude oil prices at March 31, 2019 and \$303 million for each \$1.00 per Mcf change in natural gas prices at March 31, 2019.

To reduce price risk caused by market fluctuations in crude oil and natural gas prices, from time to time we may economically hedge a portion of our anticipated crude oil and natural gas production as part of our risk management program. In addition, we may utilize basis contracts to hedge the differential between derivative contract index prices and those of our physical pricing points. Reducing our exposure to price volatility helps secure funds to be used for our capital program. Our decision on the quantity and price at which we choose to hedge our production is based in part on our view of current and future market conditions. We may choose not to hedge future production if the price environment for certain time periods is deemed to be unfavorable. Additionally, we may choose to liquidate existing derivative positions prior to the expiration of their contractual maturities in order to monetize gain positions for the purpose of funding our capital program. While hedging, if utilized, limits the downside risk of adverse price movements, it also limits future revenues from upward price movements. We have hedged the majority of our forecasted natural gas production through December 2019. Our future crude oil production is currently unhedged and directly exposed to volatility in market prices, whether favorable or unfavorable.

Changes in natural gas prices during the three months ended March 31, 2019 had an overall unfavorable impact on the fair value of our derivative instruments. For the three months ended March 31, 2019, we recognized non-cash mark-to-market losses on natural gas derivatives of \$14.2 million which were partially offset by cash gains on natural gas derivatives of \$13.1 million.

The fair value of our natural gas derivative instruments at March 31, 2019 was a net asset of \$1.4 million. An assumed increase in the forward prices used in the March 31, 2019 valuation of our natural gas derivatives of \$1.00 per MMBtu would change our natural gas derivative valuation to a net liability of approximately \$139 million at March 31, 2019. Conversely, an assumed decrease in forward prices of \$1.00 per MMBtu would increase our natural gas derivative asset to approximately \$141 million at March 31, 2019. Changes in the fair value of our natural gas derivatives from the above price sensitivities would produce a corresponding change in our total revenues.

Credit Risk. We monitor our risk of loss due to non-performance by counterparties of their contractual obligations. Our principal exposure to credit risk is through the sale of our crude oil and natural gas production, which we market to energy marketing companies, crude oil refining companies, and natural gas gathering and processing companies (\$699 million in receivables at March 31, 2019); our joint interest and other receivables (\$396 million at March 31, 2019); and counterparty credit risk associated with our derivative instrument receivables, if any.

We monitor our exposure to counterparties on crude oil and natural gas sales primarily by reviewing credit ratings, financial statements and payment history. We extend credit terms based on our evaluation of each counterparty's credit worthiness. We have not generally required our counterparties to provide collateral to secure crude oil and natural gas sales receivables owed to us. Historically, our credit losses on crude oil and natural gas sales receivables have been immaterial.

Joint interest receivables arise from billing the individuals and entities who own a partial interest in the wells we operate. These individuals and entities participate in our wells primarily based on their ownership in leases included in units on which we wish to drill. We can do very little to choose who participates in our wells. In order to minimize our exposure to this credit risk we generally request prepayment of drilling costs where it is allowed by contract or state law. For such prepayments, a liability is recorded and subsequently reduced as the associated work is performed. This liability was \$92 million at March 31, 2019, which will be used to offset future capital costs when billed. In this manner, we reduce credit risk. We may have the right to place a lien on a co-owner's interest in the well to redirect production proceeds in order to secure payment or, if necessary, foreclose on the interest. Historically, our credit losses on joint interest receivables have been immaterial.

Our use of derivative instruments involves the risk that our counterparties will be unable to meet their commitments under the arrangements. We manage this risk by using multiple counterparties who we consider to be financially strong in order to minimize our exposure to credit risk with any individual counterparty.

Interest Rate Risk. Our exposure to changes in interest rates relates primarily to variable-rate borrowings, if any, we may have outstanding from time to time under our credit facility. Such borrowings bear interest at market-based interest rates plus a margin based on the terms of the borrowing and the credit ratings assigned to our senior, unsecured, long-term indebtedness. All of our other long-term indebtedness is fixed rate and does not expose us to the risk of cash flow loss due to changes in market interest rates.

We had no outstanding borrowings on our credit facility at April 29, 2019.

We manage our interest rate exposure by monitoring both the effects of market changes in interest rates and the proportion of our debt portfolio that is variable-rate versus fixed-rate debt. We may utilize interest rate derivatives to alter interest rate exposure in an attempt to reduce interest rate expense related to existing debt issues. Interest rate derivatives may be used solely to modify interest rate exposure and not to modify the overall leverage of the debt portfolio. We currently have no interest rate derivatives.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was performed under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded the Company's disclosure controls and procedures were effective as of March 31, 2019 to ensure information required to be disclosed in the reports it files and submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and information required to be disclosed under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2019, there were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Controls and Procedures

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even an effective system of internal control will provide only reasonable assurance that the objectives of the internal control system are met.

PART II. Other Information

ITEM 1. Legal Proceedings

See Note 9. *Commitments and Contingencies—Litigation* in Part I, Item I. *Financial Statements—Notes to Unaudited Condensed Consolidated Financial Statements* for a discussion of the legal matter involving the Company, Billy J. Strack and Daniela A. Renner, which is incorporated herein by reference.

ITEM 1A. Risk Factors

In addition to the information set forth in this Form 10-Q, you should carefully consider the risk factors discussed in *Part I, Item 1A. Risk Factors* in our 2018 Form 10-K, which could materially affect our business, financial condition or future results. The risks described in this Form 10-Q, if any, and in our 2018 Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

There have been no material changes in our risk factors from those disclosed in our 2018 Form 10-K.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Recent Sales of Unregistered Securities – Not applicable.

(b) Use of Proceeds – Not applicable.

(c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers – The following table provides information about purchases of shares of our common stock during the three months ended March 31, 2019:

Period	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
January 1, 2019 to January 31, 2019	—	—	—	—
February 1, 2019 to February 28, 2019	1,323,396 (2)	\$ 45.30 (2)	—	—
March 1, 2019 to March 31, 2019	791,828 (3)	42.95 (3)	—	—
Total	2,115,224	\$ 44.42	—	—

- (1) In connection with restricted stock grants under the Company's 2013 Long-Term Incentive Plan, we adopted a policy that enables employees to surrender shares to cover their tax liability. Shares indicated as having been purchased in the table above represent shares surrendered by employees to cover tax liabilities unless otherwise noted. We paid the associated taxes to the applicable taxing authorities.
- (2) Of this amount, 439,419 shares represent shares surrendered by employees to cover tax liabilities at an average price per share of \$46.93. The price paid per share was the closing price of our common stock on the date the restrictions lapsed on such shares. Additionally, the amount includes 883,977 shares of our common stock purchased by Harold G. Hamm, our Chairman of the Board, Chief Executive Officer, and principal shareholder in open-market transactions at an average price per share of \$44.49.
- (3) Represents shares of our common stock purchased by Harold G. Hamm in open-market transactions.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

Not applicable.

ITEM 6. Exhibits

The exhibits required to be filed pursuant to Item 601 of Regulation S-K are set forth below.

3.1	<u>Conformed version of Third Amended and Restated Certificate of Incorporation of Continental Resources, Inc. as amended by amendment filed on June 15, 2015 filed as Exhibit 3.1 to the Company's Form 10-Q for the quarterly period ended June 30, 2015 (Commission File No. 001-32886) filed August 5, 2015 and incorporated herein by reference.</u>
3.2	<u>Third Amended and Restated Bylaws of Continental Resources, Inc. filed as Exhibit 3.2 to the Company's Form 10-K for the year ended December 31, 2017 (Commission File No. 001-32886) filed February 21, 2018 and incorporated herein by reference.</u>
10.1*†	<u>Amended and Restated Continental Resources, Inc. 2013 Long-Term Incentive Plan.</u>
10.2*†	<u>Amended and restated form of Employee Restricted Stock Award Agreement under the Continental Resources, Inc. 2013 Long-Term Incentive Plan.</u>
10.3*†	<u>Amended and restated form of Non-Employee Director Restricted Stock Award Agreement under the Continental Resources, Inc. 2013 Long-Term Incentive Plan.</u>
10.4*†	<u>Description of cash bonus plan updated as of February 12, 2019.</u>
31.1*	<u>Certification of the Company's Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. Section 7241).</u>
31.2*	<u>Certification of the Company's Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. Section 7241).</u>
32**	<u>Certification of the Company's Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).</u>
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

** Furnished herewith

† Management contracts or compensatory plans or arrangements filed pursuant to Item 601(b)(10)(iii) of Regulation S-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CONTINENTAL RESOURCES, INC.

Date: April 29, 2019

By: /s/ John D. Hart

John D. Hart

Sr. Vice President, Chief Financial Officer and Treasurer
(Duly Authorized Officer and Principal Financial Officer)

**AMENDED AND RESTATED CONTINENTAL RESOURCES, INC.
2013 LONG-TERM INCENTIVE PLAN**

**Article I
PURPOSE**

Section 1.1 Purpose. This Amended and Restated Continental Resources, Inc. 2013 Long-Term Incentive Plan (the “Plan”) is established by Continental Resources, Inc., an Oklahoma corporation (the “Company”) to create incentives which are designed to motivate Participants to put forth maximum effort toward the success and growth of the Company and to enable the Company to attract and retain experienced individuals who by their position, ability and diligence are able to make important contributions to the Company’s success. Toward these objectives, the Plan provides for the grant of Options, Restricted Stock Awards, Bonus Stock Awards, SARs, RSUs, Performance Awards, Annual Incentive Awards, Dividend Equivalents and Other Bonus Awards to Eligible Employees and the grant of Nonqualified Stock Options, Restricted Stock Awards, Bonus Stock Awards, SARs, RSUs, Performance Awards, Dividend Equivalents and Other Bonus Awards to Consultants and Eligible Directors, subject to the conditions set forth in the Plan and as such capitalized terms are defined below.

Section 1.2 Establishment and Amendment. The Plan was originally adopted by the Board to be effective on May 23, 2013, the date approved by the Company’s shareholders (the “Original Effective Date”). The Plan is now being amended and restated as of March 26, 2019 (the “Effective Date”) to show the number of shares of Common Stock remaining available for issuance pursuant to the Plan, to reflect certain changes in the law, to clarify the intent of the parties to ensure the proper administration of the Plan, and to update certain provisions of the Plan to ensure its proper operation. The Plan is effective from the Effective Date until May 22, 2023, unless earlier terminated pursuant to the provisions Section 12.1. Notwithstanding any termination of the Plan, the Plan shall continue in effect until all matters relating to the payment and administration of outstanding Awards have been settled but no Awards may be granted under this Plan after May 22, 2023.

**ARTICLE II
DEFINITIONS**

Section 2.1 “Affiliated Entity” means any corporation, partnership, limited liability company or other form of legal entity in which a majority of the partnership or other similar interest thereof is owned or controlled, directly or indirectly, by the Company or one or more of its Subsidiaries or Affiliated Entities or a combination thereof. For purposes hereof, the Company, a Subsidiary or an Affiliated Entity shall be deemed to have a majority ownership interest in a partnership or limited liability company if the Company, such Subsidiary or Affiliated Entity shall be allocated a majority of partnership or limited liability company gains or losses or shall be or control a managing director or a general partner of such partnership or limited liability company.

Section 2.2 “Annual Incentive Award” means a conditional right granted to an Eligible Employee under Article IX of this Plan.

Section 2.3 “Award” means, individually or collectively, any Option, Restricted Stock Award, Bonus Stock Award, SAR, RSU, Performance Award, Annual Incentive Award, Dividend Equivalent or Other Bonus Award granted under the Plan to an Eligible Employee or any Nonqualified Stock Option, Restricted Stock Award, Bonus Stock Award, SAR, RSU, Performance Award, Dividend Equivalent or Other Bonus Award granted under the Plan to a Consultant or an Eligible Director pursuant to such terms, conditions, restrictions, and/or limitations, if any, as the Committee may establish by the Award Agreement or otherwise.

Section 2.4 “Award Agreement” means any written instrument that establishes the terms, conditions, restrictions, and/or limitations applicable to an Award in addition to those established by this Plan and by the Committee’s exercise of its administrative powers.

Section 2.5 “Board” means the Board of Directors of the Company.

Section 2.6 “Bonus Stock Award” means an Award of unrestricted shares of Common Stock granted under Section 6.3.

Section 2.7 “Change of Control Event” means, except as otherwise provided in an Award Agreement, the occurrence of any of the following:

(i) The consummation of an agreement to acquire or a tender offer for beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) by any person, of 50% or more of either (x) the then outstanding shares of Common Stock (the “Outstanding Stock”) or (y) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (i), the following acquisitions and transactions shall not constitute a Change of Control Event: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, (D) any acquisition by any entity pursuant to a transaction that complies with clauses (A), (B), and (C) of subsection (iii) below, or (E) any transaction in which Outstanding Stock or Outstanding Company Voting Securities are issued, sold or transferred to an Excluded Person;

(ii) Individuals who constitute the Incumbent Board cease for any reason to constitute at least a majority of the Board;

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or an acquisition of assets of another entity (a “Business Combination”), in each case, unless, following such Business Combination, all the following are true: (A) the Outstanding Stock and Outstanding Company Voting Securities immediately prior to such Business Combination represent or are converted into or exchanged for securities which represent or are convertible into more than 50% of, respectively, the then outstanding shares of common stock or common equity interests and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors or other governing body, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company,

or all or substantially all of the Company's assets either directly or through one or more subsidiaries), (B) no person (excluding any employee benefit plan (or related trust) of the Company, an Excluded Person or the entity resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock or common equity interests of the entity resulting from such Business Combination, and (C) at least a majority of the members of the board of directors or similar governing body of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the definition above, with respect to any award subject to the limitations and requirements of the Nonqualified Deferred Compensation Rules, a "Change of Control Event" for purposes of triggering the exercisability, settlement or other payment or distribution of such Award shall not occur unless a "change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation", as defined in section 1.409A-3(i)(5) of the Treasury Regulations, has also occurred.

Section 2.8 "Change of Control Value" shall equal the amount determined in clause (a), (b) or (c), whichever is applicable, as follows: (a) the per share price offered to shareholders of the Company in any merger, consolidation, sale of assets or dissolution transaction, (b) the price per share offered to shareholders of the Company in any tender offer or exchange offer whereby a Change of Control Event takes place, or (c) if such Change of Control Event occurs other than pursuant to clause (a) or (b) of this Section 2.8, the fair market value per share of the shares that may otherwise be obtained with respect to applicable Grants or to which such Grants track, as determined by the Committee as of the date determined by the Committee to be the date of the cancellation and surrender of applicable Grants. In the event that the consideration offered to shareholders of the Company in any transaction described in Section 11.3 consists of anything other than cash, the Committee shall determine the fair cash equivalent of the portion of the consideration offered that is other than cash.

Section 2.9 "Code" means the Internal Revenue Code of 1986, as amended. References in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations under such section.

Section 2.10 "Committee" means the Compensation Committee of the Board, provided, however, that, unless otherwise determined by the Board, the Committee shall consist solely of two or more Qualified Members. Notwithstanding the foregoing sentence, (a) with respect to (i) powers to grant and establish the terms of Awards to Eligible Directors and (ii) all other powers that are reserved to the Board under the Plan, and (b) to the extent the Board elects to administer this Plan, references to "Committee" shall be deemed to be references to Board.

Section 2.11 "Common Stock" means the common stock, par value \$.01 per share, of the Company, and after any substitution, such other stock as shall be substituted therefore as provided in Article XI.

Section 2.12 “Company” means Continental Resources, Inc., an Oklahoma corporation.

Section 2.13 “Consultant” means any person who is engaged by the Company, a Subsidiary or an Affiliated Entity to render consulting or advisory services.

Section 2.14 “Date of Grant” means the date on which the grant of an Award is authorized by the Committee or such later date as may be specified by the Committee in such authorization.

Section 2.15 “Disability” means the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. For purposes of this Plan, the determination of Disability shall be made in the sole and absolute discretion of the Committee.

Section 2.16 “Dividend Equivalent” means a right, granted to an Eligible Employee, a Consultant or an Eligible Director under Section 10.1, to receive cash, Common Stock, other Awards or other property equal in value to dividends paid with respect to a specified number of shares of Common Stock, or other periodic payments.

Section 2.17 “EBITDA” means earnings before interest, taxes, depreciation and amortization.

Section 2.18 “Effective Date” means March 26, 2019.

Section 2.19 “Eligible Employee” means any employee of the Company, a Subsidiary, or an Affiliated Entity as approved by the Committee; provided, however that any such individual must be an “employee” of the Company or any of its parents or subsidiaries within the meaning of General Instruction A.1(a) to Form S-8 if such individual is granted an Award that may be settled in Common Stock. An employee on leave of absence may be considered as still in the employ of the Company, a Subsidiary or an Affiliated Entity for purposes of eligibility for participation in this Plan.

Section 2.20 “Eligible Director” means any member of the Board who is not an employee of the Company, a Subsidiary or an Affiliated Entity.

Section 2.21 “Exchange Act” means the Securities Exchange Act of 1934, as amended.

Section 2.22 “Excluded Person” means (i) Harold G. Hamm (“Hamm”), (ii) any of Hamm’s lineal descendants, (iii) Hamm’s guardian or other legal representative of Hamm or Hamm’s estate, (iv) any trust of which at least one of the trustees is Hamm, or the principal beneficiaries of which are any one or more of the persons or entities described in clause (i) through (iii) above, (v) any person or entity that is controlled by any one or more of the persons or entities described in clause (i) through (iv) above, (vi) any group (within the meaning of the Exchange Act and the rules of the Securities and Exchange Commission thereunder) that includes one or more of the persons or entities described in clauses (i) through (v) above, provided that such persons and entities described in clauses (i) through (v) above control more than 50% of the voting power of such group.

Section 2.23 “Fair Market Value” means (A) during such time as the Common Stock is registered under section 12 of the Exchange Act, the closing price of the Common Stock as reported by an established stock exchange or automated quotation system on the day for which such value is to be determined, or, if no sale of the Common Stock shall have been made on any such stock exchange or automated quotation system that day, on the next preceding day on which there was a sale of such Common Stock, or (B) during any such time as the Common Stock is not listed upon an established stock exchange or automated quotation system, the mean between dealer “bid” and “ask” prices of the Common Stock in the over-the-counter market on the day for which such value is to be determined, as reported by the National Association of Securities Dealers, Inc., or (C) during any such time as the Common Stock cannot be valued pursuant to (A) or (B) above, the fair market value shall be as determined by the Committee in a manner that complies with the Nonqualified Deferred Compensation Rules, considering all relevant information including, by example and not by limitation, the services of an independent appraiser.

Section 2.24 “Grants” means, collectively, outstanding Awards.

Section 2.25 “Immediate Family Members” means a Participant’s spouse, children or grandchildren.

Section 2.26 “Incentive Stock Option” means an Option intended to be and designed as an incentive stock option within the meaning of section 422 of the Code.

Section 2.27 “Incumbent Board” means the portion of the Board constituted of the individuals who are members of the Board as of the Effective Date and any other individual who becomes a director of the Company after the Effective Date and whose election or appointment by the Board or nomination for election by the Company’s shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board.

Section 2.28 “Nonqualified Deferred Compensation Rules” means section 409A of the Code, as amended, including the guidance and regulations promulgated thereunder and successor provisions, guidance and regulations thereto.

Section 2.29 “Nonqualified Stock Option” means an Option which is not an Incentive Stock Option.

Section 2.30 “Option” means an Award granted under Article V of the Plan and includes both Nonqualified Stock Options and Incentive Stock Options to purchase shares of Common Stock.

Section 2.31 “Other Bonus Awards” means Awards granted to an Eligible Employee, a Consultant or an Eligible Director under Section 10.2 hereof that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Common Stock, including cash Awards.

Section 2.32 “Participant” means an Eligible Employee, a Consultant or an Eligible Director to whom an Award has been granted under the Plan.

Section 2.33 “Performance Award” means a right, granted to an Eligible Employee, a Consultant or an Eligible Director under Section 9.1(a) of the Plan, to receive Awards based upon performance criteria specified by the Committee.

Section 2.34 “Plan” means this Amended and Restated Continental Resources, Inc. 2013 Long-Term Incentive Plan.

Section 2.35 “Qualified Member” means a member of the Board who is (i) a “non-employee director” within the meaning of Rule 16b-3(b)(3), and (ii) “independent” under the listing standards or rules of the securities exchange upon which the Common Stock is traded, but only to the extent such independence is required in order to take the action at issue pursuant to such standards or rules.

Section 2.36 “Recapitalization” means the Company recapitalizes, reclassifies its capital stock, or otherwise changes its capital structure.

Section 2.37 “Restricted Stock Award” means an Award of shares of Common Stock subject to a risk of forfeiture, restrictions on transferability and any other restrictions imposed by the Committee in its discretion granted to an Eligible Employee, a Consultant or an Eligible Director under Article VI of the Plan.

Section 2.38 “Restriction Period” means the specified period during which a Restricted Stock Award is subject to restrictions, including continued employment and service conditions and/or performance conditions, imposed by the Committee in its discretion.

Section 2.39 “Retirement” means the termination of an Eligible Employee’s employment with the Company, a Subsidiary or an Affiliated Entity on or after attaining age 62.

Section 2.40 “RSU” means a right to receive Common Stock, cash, or a combination of both at the end of a specified period granted to an Eligible Employee, a Consultant or an Eligible Director under Article VIII of the Plan.

Section 2.41 “SAR” means a stock appreciation right, which is the right to receive an amount equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the grant price of the SAR, granted to an Eligible Employee, a Consultant or an Eligible Director under Article VII of the Plan.

Section 2.42 “SEC” means the Securities and Exchange Commission.

Section 2.43 “Securities Act” means the Securities Act of 1933, as amended.

Section 2.44 “Subsidiary” shall have the same meaning set forth in section 424 of the Code.

ARTICLE III ADMINISTRATION

Section 3.1 Administration of the Plan. The Board shall have the power and authority to administer the Plan and may delegate such authority to a Committee comprised of members of the Board. The Board has, by resolution, appointed the Committee to administer the Plan and has delegated its powers described under this Section 3.1 for purposes of Awards granted to Eligible Employees and Consultants. Pursuant to Section 3.2, the Committee shall also be authorized to administer Awards granted by the Board to Eligible Directors.

Subject to the provisions of the Plan and Rule 16b-3 promulgated under the Exchange Act and except as provided otherwise in Section 3.3, the Committee shall have exclusive power to:

- (a) Select Eligible Employees and Consultants to participate in the Plan;
- (b) Determine the time or times when Awards will be made to Eligible Employees and Consultants;
- (c) Determine the form of an Award, whether an Incentive Stock Option, Nonqualified Stock Option, Restricted Stock Award, Bonus Stock Award, SAR, RSU, Performance Award, Annual Incentive Award, Dividend Equivalents or Other Bonus Award, the number of shares of Common Stock or Performance Awards subject to the Award, the amount and all the terms, conditions (including performance requirements), restrictions and/or limitations, if any, of an Award, including the time and conditions of exercise or vesting and any terms requiring forfeiture of Awards in the event of termination of the Participant's employment or service relationship, and the terms of any Award Agreement, which may include the waiver or amendment of prior terms and conditions or acceleration or early vesting or payment of an Award under certain circumstances determined by the Committee;
- (d) Determine whether Awards will be granted singly or in combination;
- (e) Accelerate the vesting, exercise or payment of an Award or the performance period of an Award (provided, however, that the Committee shall not have any discretion to accelerate or modify any term or condition of any Award subject to the limitations and requirements of the Nonqualified Deferred Compensation Rules if such acceleration or modification would subject a Participant to additional taxes under the Nonqualified Deferred Compensation Rules);
- (f) Determine whether and to what extent an Annual Incentive Award may be deferred, either automatically or at the election of the Participant or the Committee;
- (g) Construe the respective Award Agreements and the Plan;
- (h) Delegate its duties under the Plan (including but not limited to the authority to grant Awards) to such agents as it may appoint from time to time, provided that the Committee may not delegate its duties where such delegation would violate state corporate law, or with respect to making Awards to, or otherwise with respect to Awards granted to, Eligible Employees or Eligible Directors who are subject to section 16(b) of the Exchange Act; and

- (i) Take any and all other action it deems necessary or advisable for the proper operation or administration of the Plan.

Section 3.2 Grants to Eligible Directors. The Board shall have the exclusive power to select Eligible Directors to participate in the Plan and to determine the number of Nonqualified Stock Options, Restricted Stock Awards, Bonus Stock Awards, SARs, RSUs, Performance Awards, Dividend Equivalents or Other Bonus Awards awarded to Eligible Directors selected for participation and the terms of such Awards. The Committee shall administer all other aspects of the Awards made to Eligible Directors. For purposes of the Plan, references to the “Committee” shall be deemed to be references to the Board with respect to the powers reserved exclusively to the Board pursuant to this Section.

Section 3.3 Committee to Make Rules and Interpret Plan. The Committee in its sole discretion shall have the authority, subject to the provisions of the Plan, to establish, adopt, or revise such rules and regulations and to make all such determinations relating to the Plan, as it may deem necessary or advisable for the administration of the Plan. The Committee’s interpretation of the Plan or any Awards and all decisions and determinations by the Board with respect to the Plan shall be final, binding, and conclusive on all parties.

Section 3.4 Section 16 Provisions. At any time that a member of the Committee is not a Qualified Member, any action of the Committee relating to an Award granted or to be granted to any Eligible Employee or Eligible Director who is then subject to section 16 of the Exchange Act in respect of the Company shall be taken by a committee of, and approved by, the Board that shall be comprised solely of two or more “non-employee directors” within the meaning of Rule 16b-3(b)(3) promulgated under the Exchange Act. For the avoidance of doubt, the full Board may also take any action relating to an Award granted or to be granted to any Eligible Employee or Eligible Director who is then subject to Section 16 of the Exchange Act in respect of the Company.

Section 3.5 Limitation of Liability. The Committee and each member thereof shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or employee of the Company or any of its Affiliate Entities, the Company’s legal counsel, independent auditors, consultants or any other agents assisting in the administration of the Plan. Members of the Committee and any officer or employee of the Company or any of its Affiliate Entities acting at the direction or on behalf of the Committee shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the fullest extent permitted by law, be indemnified and held harmless by the Company with respect to any such action or determination.

Section 3.6 Participants in Non-U.S. Jurisdictions. Notwithstanding any provision of the Plan to the contrary, to comply with applicable laws in countries other than the United States in which the Company or any of its Affiliate Entities operates or has employees, directors or other service providers from time to time, or to ensure that the Company complies with any applicable requirements of foreign securities exchanges, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which of the Company’s Affiliate Entities shall be covered by the Plan; (ii) determine which individuals outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to Eligible Employees, Eligible

Directors or Consultants outside the United States to comply with applicable foreign laws or listing requirements of any foreign exchange; (iv) establish sub-plans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such sub-plans and/or modifications shall be attached to the Plan as appendices), provided, however, that no such sub-plans and/or modifications shall increase the share limitations contained in Section 4.1(a); and (v) take any action, before or after an Award is granted, that it deems advisable to comply with any applicable governmental regulatory exemptions or approval or listing requirements of any such foreign securities exchange. For purposes of the Plan, all references to foreign laws, rules, regulations or taxes shall be references to the laws, rules, regulations and taxes of any applicable jurisdiction other than the United States or a political subdivision thereof.

ARTICLE IV SHARES SUBJECT TO THE PLAN

Section 4.1 Shares Subject to the Plan.

(a) As of the Effective Date, there are 12,983,543 shares of Common Stock available for issuance pursuant to the Plan (such number of which was calculated by subtracting the number of shares that have been delivered under the Plan since the Original Effective Date taking into account the appropriate counting procedures adopted for the Plan from the maximum number of shares that were approved by the Company's shareholders). As of the Effective Date, the number of shares of Common Stock that may be granted as Incentive Stock Options is 12,983,543. The share limitations of this Section 4.1(a) shall be subject to the adjustment provisions of Article XI.

(b) Common Stock to be delivered under the Plan shall be made available from (i) authorized but unissued shares of Common Stock, (ii) shares of Common Stock held in the treasury of the Company, or (iii) previously issued shares of Common Stock reacquired by the Company, including shares purchased on the open market.

(c) No Award may be granted if the number of shares of Common Stock to be delivered in connection with such Award exceeds the number of shares of Common Stock remaining available under this Plan minus the number of shares of Stock issuable in settlement of or relating to then-outstanding Awards. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of shares of Common Stock actually delivered differs from the number of shares previously counted in connection with an Award.

Section 4.2 Annual Limitations on Grant of Certain Awards.

(a) Subject to Article XI, the aggregate number of shares of Common Stock made subject to the grant of Options and/or SARs to any Eligible Employee in any calendar year may not exceed 500,000 shares, subject to the adjustment provisions of Article XI.

(b) Subject to Article XI, the aggregate number of shares of Common Stock made subject to the grant of Restricted Stock Awards, RSUs and Performance Awards to any Eligible

Employee in any calendar year may not exceed 500,000, subject to the adjustment provisions of Article XI.

(c) The maximum amount made subject to the grant of Annual Incentive Awards to any Eligible Employee in any calendar year may not exceed \$10,000,000.

Section 4.3 Availability of Shares Not Issued under Awards. Shares of Common Stock subject to an Award under this Plan that expire or are canceled, forfeited, surrendered, exchanged, settled in cash or otherwise terminated, including (i) shares forfeited with respect to Restricted Stock Awards, and (ii) shares withheld by, or otherwise remitted to, the Company to satisfy a Participant's tax withholding obligations upon the lapse of restrictions on Restricted Stock Awards or the exercise of Options or SARs granted under the Plan or upon any other payment or issuance of shares under the Plan, will again be available for Awards under this Plan, except that if any such shares could not again be available for Awards to a particular Participant under any applicable law or regulation, such shares shall be available exclusively for Awards to Participants who are not subject to such limitation. Notwithstanding the foregoing, the following shares of Common Stock will not be available for future Awards under this Plan: (i) shares withheld, or otherwise tendered by Participants, as full or partial payment to the Company upon the exercise of Options granted under this Plan; or (ii) shares reserved for issuance upon the grant of SARs to the extent the number of reserved shares exceeds the number of shares actually issued upon exercise of the SARs.

Section 4.4 Shares Available Following Certain Transactions. In the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may, if and to the extent determined by the Board and subject to compliance with applicable stock exchange requirements, be used for Awards under the Plan and shall not reduce the shares authorized for issuance under the Plan (and shares subject to such Awards shall not be added to the shares available for issuance under the Plan as provided above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not, prior to such acquisition or combination, employed by (and who were not non-employee directors or consultants of) the Company or any of its Subsidiaries immediately prior to such acquisition or combination.

Section 4.5 Prohibition on Repricing. Subject to Article XI of the Plan, neither the Committee nor the Board shall, without the approval of shareholders, amend the terms of previously granted Options or SARs, or cancel outstanding Options or SARs, in exchange for cash, other awards or Options or SARs with an exercise price that is less than the exercise price of the originally granted Options or SARs.

Section 4.6 Miscellaneous.

(a) To the extent not already specified in the Plan, the Committee shall, in its sole discretion, determine the manner in which fractional shares arising under this Plan shall be treated.

(b) Separate certificates or a book-entry registration representing shares of Common Stock shall be delivered to a Participant upon the exercise of any Option.

(c) The maximum term of any Award shall be ten years.

**ARTICLE V
STOCK OPTIONS**

Section 5.1 Grant of Options. The Committee may, from time to time, subject to the provisions of the Plan and such other terms and conditions as it may determine, grant Nonqualified Stock Options to Eligible Employees, Consultants and Eligible Directors. In addition, the Committee may, from time to time, subject to the provisions of the Plan and such other terms and conditions as it may determine, grant Incentive Stock Options to Eligible Employees. Each grant of an Option shall be evidenced by an Award Agreement executed by the Company and the Participant, and shall contain such terms and conditions and be in such form as the Committee may from time to time approve, subject to the requirements of Section 5.2.

Section 5.2 Conditions of Options. Each Option so granted shall be subject to the following conditions:

(a) Exercise Price. As limited by Section 5.2(e) below, each Option shall state the exercise price which shall be set by the Committee at the Date of Grant; provided, however, no Option shall be granted at an exercise price which is less than the Fair Market Value of the Common Stock on the Date of Grant.

(b) Form of Payment. The exercise price of an Option may be paid by any of the following methods as permitted by the Committee: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) by delivering shares of Common Stock having a Fair Market Value on the date of payment equal to the amount of the exercise price; (iii) by net issue exercise, pursuant to which the Company will issue a number of shares of Common Stock as to which the Option is exercised, less a number of shares with a Fair Market Value as of the date of exercise equal to the exercise price; or (iv) a combination of the foregoing. In addition to the foregoing, the Committee may permit an Option granted under the Plan to be facilitated by a broker-dealer acting on behalf of a Participant through procedures approved by the Committee.

(c) Exercise of Options. Options granted under the Plan shall be exercisable, in whole or in such installments and at such times, and shall expire at such time, as shall be provided by the Committee in the Award Agreement. Exercise of an Option shall be by written notice to the Secretary of the Company at least two business days in advance of such exercise stating the election to exercise in the form and manner determined by the Committee. Every share of Common Stock

acquired through the exercise of an Option shall be deemed to be fully paid at the time of exercise and payment of the exercise price and all applicable taxes.

(d) Other Terms and Conditions. Among other conditions that may be imposed by the Committee, if deemed appropriate, are those relating to (i) the period or periods and the conditions of exercisability of any Option; (ii) the minimum periods during which Participants must be employed by the Company, its Subsidiaries, or an Affiliated Entity, or must hold Options before they may be exercised; (iii) the minimum periods during which shares acquired upon exercise must be held before sale or transfer shall be permitted; (iv) conditions under which such Options or shares may be subject to forfeiture; (v) the frequency of exercise or the minimum or maximum number of shares that may be acquired at any one time; (vi) the achievement by the Company of specified performance criteria; and (vii) non-compete and protection of business matters.

(e) Special Restrictions Relating to Incentive Stock Options. Options issued in the form of Incentive Stock Options shall only be granted to Eligible Employees who provide services to the Company or any parent or subsidiary corporation (as defined in section 424 of the Code). To the extent that the aggregate fair market value (determined at the time the respective Incentive Stock Option is granted) of stock with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year under all incentive stock option plans of the Company and its parent and subsidiary corporations exceeds \$100,000, such Incentive Stock Options shall be treated as Nonqualified Stock Options. The Committee shall determine, in accordance with applicable provisions of the Code, Treasury Regulations and other administrative pronouncements, which of a Participant's Incentive Stock Options will not constitute Incentive Stock Options because of such limitation and shall notify the Participant of such determination as soon as practicable after such determination. No Incentive Stock Option shall be granted to an individual if, at the time the Option is granted, such individual owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporation, within the meaning of section 422(b)(6) of the Code, unless (i) at the time such Option is granted the option price is at least 110% of the Fair Market Value of the Common Stock subject to the Option and (ii) such Option by its terms is not exercisable after the expiration of five years from the date of grant. Except as otherwise provided in sections 421 or 422 of the Code, an Incentive Stock Option shall not be transferable otherwise than by will or the laws of descent and distribution, and shall be exercisable during the Participant's lifetime only by such Participant or the Participant's guardian or legal representative.

(f) Application of Funds. The proceeds received by the Company from the sale of Common Stock pursuant to Options will be used for general corporate purposes.

(g) Shareholder Rights. No Participant shall have a right as a shareholder with respect to any share of Common Stock subject to an Option prior to purchase of such shares of Common Stock by exercise of the Option.

(h) Options and Rights in Substitution for Options Granted by Other Employers. Options and SARs may be granted under the Plan from time to time in substitution for options and such rights held by individuals providing services to corporations or other entities who become

Eligible Employees, Consultants, or Eligible Directors as a result of a merger or consolidation or other business transaction with the Company or any Affiliated Entity.

ARTICLE VI

RESTRICTED STOCK AND BONUS STOCK AWARDS

Section 6.1 Grant of Restricted Stock and Bonus Stock Awards. The Committee may, from time to time, subject to the provisions of the Plan and such other terms and conditions as it may determine, grant a Restricted Stock Award and/or Bonus Stock Awards to Eligible Employees, Consultants or Eligible Directors. Restricted Stock Awards and Bonus Stock Awards shall be awarded in such number and at such times during the term of the Plan as the Committee shall determine. Each Restricted Stock Award and Bonus Stock Award shall be subject to an Award Agreement setting forth the terms of such Award and may be evidenced in such manner as the Committee deems appropriate, including, without limitation, a book-entry registration or issuance of a stock certificate or certificates. The purchase price, if any, for shares of Common Stock issued in connection with a Restricted Stock Award shall be determined by the Committee, in its sole discretion.

Section 6.2 Conditions of Restricted Stock Awards. The grant of a Restricted Stock Award shall be subject to the following:

(a) Restriction Period. The Committee shall determine the Restriction Period or Periods that shall apply to the shares of Common Stock covered by each Restricted Stock Award or portion thereof, which shall require the Eligible Employee, Consultant or Eligible Director to remain in the employment of, or to provide continued services to, as applicable, the Company, a Subsidiary, or an Affiliated Entity for a prescribed period or which shall require the achievement by the Company of specified performance criteria, as may from time to time be specified by the Committee. At the end of the Restriction Period, assuming the fulfillment of any specified vesting conditions, such restrictions as have been imposed by the Committee shall lapse with respect to the shares of Common Stock covered by the Restricted Stock Award or portion thereof. In addition to acceleration of vesting upon the occurrence of a Change of Control Event as provided in Section 11.4, the Committee may, in its discretion, accelerate the vesting of a Restricted Stock Award in the case of the death, Disability or Retirement of the Participant who is an Eligible Employee or resignation of a Participant who is a Consultant or an Eligible Director.

(b) Restrictions. The holder of a Restricted Stock Award may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of the shares of Common Stock represented by the Restricted Stock Award during the applicable Restriction Period. The Committee shall impose such other restrictions and conditions on any shares of Common Stock covered by a Restricted Stock Award as it may deem advisable including, without limitation, restrictions under applicable Federal or state securities laws, and may legend the certificates representing Restricted Stock to give appropriate notice of such restrictions.

(c) Rights as Shareholders. The Committee may, in its discretion, grant to the holder of a Restricted Stock Award all or any of the rights of a shareholder with respect to the shares, including, but not by way of limitation, the right to receive dividends. As a condition to the grant

of a Restricted Stock Award, the Committee may require or permit a Participant to elect that any cash dividends paid on a share of Restricted Stock be automatically reinvested in additional shares of Restricted Stock, applied to the purchase of additional Awards under this Plan or deferred without interest to the date of vesting of the associated Restricted Stock Award. Unless otherwise determined by the Committee, if any dividends or other distributions are paid in shares of Common Stock, all such shares shall be subject to the same restrictions on transferability as the shares of Restricted Stock with respect to which they were paid.

Section 6.3 Conditions of Bonus Stock Awards. Each Bonus Stock Award granted to a Participant shall constitute a transfer of unrestricted shares of Common Stock on such terms and conditions as the Committee shall determine. Bonus Stock Awards shall be made in shares of Common Stock and need not be subject to performance criteria or objectives or to forfeiture. The purchase price, if any, for shares of Common Stock issued in connection with a Bonus Stock Award shall be determined by the Committee in its sole discretion.

ARTICLE VII STOCK APPRECIATION RIGHTS

Section 7.1 Grant of SARs. The Committee may from time to time, in its sole discretion, subject to the provisions of the Plan and subject to other terms and conditions as the Committee may determine, grant an SAR to any Eligible Employee, Consultant or Eligible Director. SARs may be granted in tandem with an Option, in which event, the Participant has the right to elect to exercise either the SAR or the Option. Upon the Participant's election to exercise one of these Awards, the other tandem Award is automatically terminated. SARs may also be granted as an independent Award separate from an Option. Each grant of an SAR shall be evidenced by an Award Agreement executed by the Company and the Participant and shall contain such terms and conditions and be in such form as the Committee may from time to time approve, subject to the requirements of the Plan. The exercise price of the SAR shall not be less than the Fair Market Value of a share of Common Stock on the Date of Grant of the SAR.

Section 7.2 Exercise and Payment. SARs granted under the Plan shall be exercisable in whole or in installments and at such times as shall be provided by the Committee in the Award Agreement. Exercise of a SAR shall be by written notice to the Secretary of the Company at least two business days in advance of such exercise stating the election to exercise in the form and manner determined by the Committee. The amount payable with respect to each SAR shall be equal in value to the excess, if any, of the Fair Market Value of a share of Common Stock on the exercise date over the grant price of the SAR. Payment of amounts attributable to a SAR shall be made in cash, in shares of Common Stock, or in a combination thereof, as determined by the Committee, and the timing of such payment shall be specified in the Award Agreement with respect to each SAR.

Section 7.3 Restrictions. In the event a SAR is granted in tandem with an Incentive Stock Option, the Committee shall subject the SAR to restrictions necessary to ensure satisfaction of the requirements under section 422 of the Code. In the case of a SAR granted in tandem with an Incentive Stock Option to an Eligible Employee who owns more than 10% of the combined voting power of the Company or its Subsidiaries on the date of such grant, (i) the amount payable with respect to each SAR shall be equal in value to the applicable percentage of the excess, if any, of the Fair

Market Value of a share of Common Stock on the exercise date over the exercise price of the SAR, which exercise price shall not be less than 110% of the Fair Market Value of a share of Common Stock on the date the SAR and (ii) the SAR shall not be exercisable after the five year anniversary of the date of grant.

ARTICLE VIII RESTRICTED STOCK UNITS

Section 8.1 Grant of Restricted Stock Units. The Committee may from time to time, in its sole discretion, subject to the provisions of the Plan and subject to other terms and conditions as the Committee may determine, grant Restricted Stock Units, or RSUs, which are rights to receive shares of Common Stock or cash (or a combination thereof) at the end of a specified deferral period (which may or may not be coterminous with the vesting schedule of the Award), to any Eligible Employee, Consultant, or Eligible Director, subject to the following terms and conditions.

Section 8.2 Award and Restrictions. Settlement of an RSU shall occur upon expiration of the deferral period specified for such RSU by the Committee. In addition, RSUs shall be subject to such restrictions (which may include a risk of forfeiture) as the Committee may impose, if any, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, as the Committee may determine. RSUs shall be satisfied by the delivery of shares of Common Stock or cash in the amount equal to the Fair Market Value of the specified number of shares of Common Stock covered by the RSUs, or a combination thereof, as determined by the Committee at the date of grant or thereafter.

Section 8.3 Dividend Equivalents. Unless otherwise determined by the Committee at the date of grant, a right to receive Dividend Equivalents paid with respect to the specified number of shares of Common Stock covered by an RSU shall be either (A) paid with respect to such RSU on the dividend payment date in cash or in shares of unrestricted shares of Common Stock having a Fair Market Value equal to the amount of such dividends, or (B) deferred with respect to such RSUs and the amount or value thereof automatically deemed reinvested in additional Restricted Stock Units.

ARTICLE IX PERFORMANCE AWARDS AND ANNUAL INCENTIVE AWARDS

Section 9.1 Performance Awards. The right of an Eligible Employee, Consultant or Eligible Director to receive a grant, and the right of a Participant to exercise or receive a grant or settlement of any Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to reduce or increase the amounts payable under any Award subject to performance conditions.

Section 9.2 Annual Incentive Awards. The Committee is authorized to grant Annual Incentive Awards, which are conditional rights granted to an Eligible Employee to receive a cash

payment, shares of Common Stock, or another Award, unless otherwise determined by the Committee, after the end of a specified year or other period.

ARTICLE X OTHER AWARDS

Section 10.1 Dividend Equivalents. The Committee is authorized to grant Dividend Equivalents to an Eligible Employee, Eligible Director or Consultant, entitling the Participant to receive cash, Common Stock, other Awards, or other property equal in value to dividends paid with respect to a specified number of shares of Common Stock, or other periodic payments. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award. The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Common Stock, Awards, or other investment vehicles, and subject to such restrictions on transferability and risks of forfeiture, as the Committee may specify.

Section 10.2 Other Bonus Awards. The Committee is authorized, subject to limitations under applicable law, to grant Other Bonus Awards to Participants, as deemed by the Committee to be consistent with the purposes of this Plan, including without limitation convertible or exchangeable debt securities, other rights convertible or exchangeable into Common Stock, purchase rights for Common Stock, Awards with value and payment contingent upon performance of the Company or any other factors designated by the Committee, and Awards valued by reference to the book value of Common Stock or the value of securities of or the performance of specified Subsidiaries of the Company. The Committee shall determine the terms and conditions of such Other Bonus Awards. Common Stock delivered pursuant to an Other Bonus Award in the nature of a purchase right granted under this Section 10.2 shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Common Stock, other Awards, or other property, as the Committee shall determine. Cash awards, as an element of or supplement to any Other Bonus Award under this Plan, may also be granted pursuant to this Section 10.2.

ARTICLE XI RECAPITALIZATION OR REORGANIZATION

Section 11.1 No Effect on Right or Power. The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, Recapitalization, reorganization or other change in the Company's or any Affiliated Entity's capital structure or its business, any merger or consolidation of the Company or any Affiliated Entity, any issue of debt or equity securities ahead of or affecting Common Stock or the rights thereof, the dissolution or liquidation of the Company or any Affiliated Entity or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding. In no event will any action taken by the Committee pursuant to this Article XI result in creation of deferred compensation within the meaning of the Nonqualified Deferred Compensation Rules.

Section 11.2 Subdivision or Consolidation of Shares; Stock Dividends. The shares with respect to which Awards may be granted are shares of Common Stock as presently constituted, but

if, and whenever, prior to the expiration of an Award theretofore granted, the Company shall effect a subdivision or consolidation of shares of Common Stock or the payment of a stock dividend on Common Stock without receipt of consideration by the Company, the number of shares of Common Stock with respect to which such Award may thereafter be exercised or satisfied and the number of shares of Common Stock authorized pursuant to Article IV of the Plan, as applicable (i) in the event of an increase in the number of outstanding shares, shall be proportionately increased, and the purchase price per share shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding shares, shall be proportionately reduced, and the purchase price per share shall be proportionately increased. Any fractional share resulting from such adjustment shall be rounded up to the next whole share. Adjustments under this Section 11.2 shall be made by the Committee and its determination as to what adjustments shall be made and the extent thereof shall be final, binding and conclusive.

Section 11.3 Recapitalizations and Change of Control Events. If the Company undergoes a Recapitalization without the occurrence of a Change of Control Event, the number and class of shares of Common Stock covered by an Award theretofore granted shall be adjusted so that such Award shall thereafter cover the number and class of shares of stock and securities to which the Participant would have been entitled pursuant to the terms of the Recapitalization if, immediately prior to the Recapitalization, the Participant had been the holder of record of the number of shares of Common Stock then covered by such Award and the share limitations provided in Article IV shall be adjusted in a manner consistent with the Recapitalization. Upon a Change of Control Event the Committee, acting in its sole discretion without the consent or approval of any Participant, shall effect one or more of the following alternatives, which alternatives may vary among individual Participants and which may vary among Grants held by any individual Participant: (1) accelerate the time at which Grants may be exercised so that such Grants may be exercised in full for a limited period of time on or before a specified date (before or after such Change of Control Event) fixed by the Committee, after which specified date all unexercised Grants and all rights of Participants thereunder shall terminate, (2) require the mandatory surrender to the Company by all or selected Participants of some or all of the outstanding Grants held by such Participants (irrespective of whether such Grants are then vested or exercisable under the provisions of the Plan) as of a date, before or after such Change of Control Event, specified by the Committee, in which event the Committee shall thereupon cancel such Grants and the Company shall pay (or cause to be paid) to each Participant an amount of cash per share equal to the excess, if any, of the Change of Control Value of the shares subject to such Grants over the exercise price(s), if any, under such Grants for such shares (except that to the extent an applicable exercise price under any such Grant is equal to or exceeds the Change of Control Value, in which case no amount shall be payable with respect to such Grant), or (3) make such adjustments to Grants then outstanding as the Committee deems appropriate to reflect such Change of Control Event (provided, however, that the Committee may determine in its sole discretion that no adjustment is necessary to Grants then outstanding), including, without limitation, adjusting a Grant to provide that the number and class of shares of Common Stock covered by such Grant shall be adjusted so that such Grant shall thereafter cover securities of the surviving or acquiring corporation or other property (including, without limitation, cash), as determined by the Committee in its sole discretion.

Section 11.4 Vesting Upon Change of Control Event. Notwithstanding any other provision in this Plan to the contrary, unless expressly provided otherwise in the applicable Award Agreement,

Awards granted under the Plan to any Eligible Employee, Consultant or Eligible Director shall be immediately vested, fully earned and exercisable upon the occurrence of a Change of Control Event.

Section 11.5 Other Changes in the Common Stock. In the event of changes in the outstanding Common Stock by reason of Recapitalizations, reorganizations, mergers, consolidations, combinations, split-ups, split-offs, spin-offs, exchanges or other relevant changes in capitalization or distributions to the holders of Common Stock occurring after the Date of Grant of any Award and not otherwise provided for by this Article XI, such Award and any Award Agreement shall be subject to adjustment by the Committee at its sole discretion as to the number and price of shares of Common Stock or other consideration subject to such Award. In the event of any such change in the outstanding Common Stock or distribution to the holders of Common Stock, or upon the occurrence of any other event described in this Article XI, the aggregate maximum number of shares available under the Plan, the aggregate maximum number of shares that may be issued under the Plan through Incentive Stock Options, Options generally, SARs, Restricted Stock Awards, RSUs and Performance Awards and the maximum number of shares that may be subject to Awards granted to any one individual may be appropriately adjusted to the extent, if any, determined by the Committee, whose determination shall be conclusive. Notwithstanding the foregoing, except as otherwise provided by the Committee, upon the occurrence of a Change of Control Event, the Committee, acting in its sole discretion without the consent or approval of any Participant, may require the mandatory surrender to the Company by all or selected Participants of some or all of the outstanding Annual Incentive Awards and Performance Awards as of a date, before or after such Change of Control Event, specified by the Committee, in which event the Committee shall thereupon cancel such Annual Incentive Awards and Performance Awards and the Company shall pay (or cause to be paid) to each Participant an amount of cash equal to the maximum value (which maximum value may be determined, if applicable and in the discretion of the Committee, based on the then Fair Market Value of the Common Stock) of such Annual Incentive Award or Performance Award which, in the event the applicable performance or vesting period set forth in such Annual Incentive Award or Performance Award has not been completed, shall be multiplied by a fraction, the numerator of which is the number of days during the period beginning on the first day of the applicable performance or vesting period and ending on the date of the surrender, and the denominator of which is the aggregate number of days in the applicable performance or vesting period.

Section 11.6 Shareholder Action. Any adjustment provided for in the above Subparagraphs shall be subject to any required shareholder action.

Section 11.7 No Adjustments Unless Otherwise Provided. Except as hereinbefore expressly provided, the issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to Awards theretofore granted or the purchase price per share, if applicable. No fractional shares of Common Stock or units of other securities shall be issued pursuant to any such adjustment, and any fractional share resulting from such adjustment shall be rounded up to the next whole share.

ARTICLE XII GENERAL

Section 12.1 Changes to the Plan and Awards. The Board may amend, alter, suspend, discontinue or terminate this Plan or the Committee's authority to grant Awards under this Plan without the consent of shareholders or Participants, except that any amendment or alteration to this Plan, including any increase in any share limitation, shall be subject to the approval of the Company's shareholders not later than the annual meeting next following such Board action if such shareholder approval is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Common Stock may then be listed or quoted, and the Board may otherwise, in its discretion, determine to submit other such changes to this Plan to shareholders for approval; provided, that, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under any previously granted and outstanding Award. The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award theretofore granted and any Award agreement relating thereto, except as otherwise provided in this Plan; provided, however, that, without the consent of an affected Participant, no such Committee action may materially and adversely affect the rights of such Participant under such Award. For purposes of clarity, any adjustments made to Awards pursuant to Article XI will be deemed not to materially and adversely affect the rights of any Participant under any previously granted and outstanding Award and therefore may be made without the consent of affected Participants.

Section 12.2 Termination of Employment; Termination of Service.

(a) If an Eligible Employee's employment with the Company, a Subsidiary or an Affiliated Entity terminates as a result of death, Disability or Retirement, the Eligible Employee (or personal representative in the case of death) shall be entitled to purchase all or any part of the shares subject to any vested Option for a period of up to three months from such date of termination (one year in the case of death or a Disability that is also a "disability" within the meaning of section 22(e)(3) of the Code, in lieu of the three-month period). If an Eligible Employee's employment terminates for any other reason, the Eligible Employee shall be entitled to purchase all or any part of the shares subject to any vested Option for a period of up to three months from such date of termination. In no event shall any Option be exercisable past the term of the Option. The Committee may, in its sole discretion, accelerate the vesting of unvested Awards in the event of termination of employment of any Participant.

(b) In the event a Consultant ceases to provide services to the Company or an Eligible Director terminates service as a director of the Company, the unvested portion of any Award shall be forfeited unless otherwise accelerated pursuant to the terms of the Eligible Director's or Consultant's Award Agreement or by the Committee. The Consultant or Eligible Director shall have a period of one year following the date he ceases to provide consulting services or ceases to be a director, as applicable, to exercise any Nonqualified Stock Options which are otherwise exercisable on his date of termination of service.

Section 12.3 Limited Transferability-Options. The Committee may, in its discretion, authorize all or a portion of the Nonqualified Stock Options granted under this Plan to be on terms

which permit transfer by the Participant to (i) the ex-spouse of the Participant pursuant to the terms of a domestic relations order, (ii) the Immediate Family Members of the Participant, (iii) a trust or trusts for the exclusive benefit of such Immediate Family Members, or (iv) a partnership or limited liability company in which such Immediate Family Members are the only partners or members. In addition there may be no consideration for any such transfer. The Award Agreement pursuant to which such Nonqualified Stock Options are granted shall expressly provide for transferability in a manner consistent with this paragraph. Subsequent transfers of transferred Nonqualified Stock Options shall be prohibited except as set forth below in this Section 12.3. All terms of the Award Agreement, including all vesting provisions, shall continue to apply to the Nonqualified Stock Option. The events of termination of employment of Section 12.2 hereof shall continue to be applied with respect to the original Participant, following which the Nonqualified Stock Options shall be exercisable by the transferee only to the extent, and for the periods specified in Section 12.2 hereof. No transfer pursuant to this Section 12.3 shall be effective to bind the Company unless the Company shall have been furnished with written notice of such transfer together with such other documents regarding the transfer as the Committee shall request. With the exception of a transfer in compliance with the foregoing provisions of this Section 12.3, all other types of Awards authorized under this Plan shall be transferable only by will or the laws of descent and distribution or with the Committee's advance approval, which may be given or withheld in the Committee's sole discretion; however, no such transfer shall be effective to bind the Company unless the Committee has been furnished with written notice of such transfer and an authenticated copy of the will and/or such other evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee of the terms and conditions of such Award.

Section 12.4 Withholding Taxes. Unless otherwise paid by the Participant, the Company, its Subsidiaries or any of its Affiliated Entities shall be entitled to deduct from any payment under the Plan, regardless of the form of such payment, the amount of all applicable income and employment taxes required by law to be withheld with respect to such payment or may require the Participant to pay to it such tax prior to and as a condition of the making of such payment. In accordance with any applicable administrative guidelines it establishes, the Committee may allow a Participant to pay the amount of taxes required by law to be withheld from an Award by (i) directing the Company to withhold from any payment of the Award a number of shares of Common Stock having a Fair Market Value on the date of payment equal to the amount of the required withholding taxes or (ii) delivering to the Company previously owned shares of Common Stock having a Fair Market Value on the date of payment equal to the amount of the required withholding taxes. However, any payment made by the Participant pursuant to either of the foregoing clauses (i) or (ii) shall not be permitted if it would result in an adverse accounting charge with respect to such shares used to pay such taxes unless otherwise approved by the Committee, and any determination made by the Committee to allow a Participant who is subject to Rule 16b-3 to pay taxes with shares of Common Stock through net settlement or previously owned shares shall be approved by either a committee made up of solely two or more Qualified Members or the full Board.

Section 12.5 Regulatory Approval and Listings. During the time that the Company is subject to the reporting requirements of section 12 of the Exchange Act, or earlier, in the sole discretion of the Committee, the Company shall file with the Securities and Exchange Commission and keep continuously effective, a Registration Statement on Form S-8 with respect to shares of Common Stock subject to Awards hereunder. Notwithstanding anything contained in this Plan to

the contrary, the Company shall have no obligation to issue shares of Common Stock under this Plan prior to the obtaining of any approval from, or satisfaction of any waiting period or other condition imposed by, any governmental agency or stock exchange which the Committee shall, in its sole discretion, determine to be necessary or advisable. In addition, and notwithstanding anything contained in this Plan to the contrary, while the Company is subject to the reporting requirements of section 12 of the Exchange Act, the Company shall have no obligation to issue shares of Common Stock under this Plan prior to:

(a) the admission of such shares to listing on the stock exchange on which the Common Stock may be listed; and

(b) the completion of any registration or other qualification of such shares under any state or Federal law or ruling of any governmental body which the Committee shall, in its sole discretion, determine to be necessary or advisable.

Notwithstanding anything to the contrary above, nothing herein or in any Award agreement shall require the Company to issue any shares of Common Stock with respect to any Award if that issuance would, in the opinion of counsel for the Company, constitute a violation of the Securities Act, any other applicable statute or regulation, or the rules of any applicable securities exchange or securities association as then in effect. In addition, each Participant who receives an Award under the Plan shall not sell or otherwise dispose of Common Stock that is acquired upon grant, exercise or vesting of an Award in any manner that would constitute a violation of any applicable federal or state securities laws, the Plan or the rules, regulations or other requirements of the SEC or any stock exchange upon which the Common Stock is then listed.

Section 12.6 No Right to Continued Employment. Participation in the Plan shall not give any Eligible Employee, Eligible Director or Consultant any right to remain in the employ of, or the right to continue in a service relationship with, the Company, any Subsidiary, or any Affiliated Entity. The Company or, in the case of employment or a service relationship with a Subsidiary or an Affiliated Entity, the Subsidiary or Affiliated Entity reserves the right to terminate any Eligible Employee, Eligible Director or Consultant at any time. Further, the adoption of this Plan shall not be deemed to give any Eligible Employee or any other individual any right to be selected as a Participant or to be granted an Award.

Section 12.7 Reliance on Reports. Each member of the Board and each member of the Committee shall be fully justified in relying or acting in good faith upon any report made by the independent public accountants of the Company and its Subsidiaries and upon any other information furnished in connection with the Plan by any person or persons other than himself or herself. In no event shall any person who is or shall have been a member of the Board or the Committee be liable for any determination made or other action taken or any omission to act in reliance upon any such report or information or for any action taken, including the furnishing of information, or failure to act, if in good faith.

Section 12.8 Section 409A of the Code. It is the general intention, but not the obligation, of the Committee to design Awards to comply with or to be exempt from the Nonqualified Deferred Compensation Rules, and Awards will be operated and construed accordingly. Neither this Section

12.8 nor any other provision of the Plan is or contains a representation to any Participant regarding the tax consequences of the grant, vesting, exercise, settlement, or sale of any Award (or the Common Stock underlying such Award) granted hereunder, and should not be interpreted as such. In no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules. Notwithstanding any provision in the Plan or an Award Agreement to the contrary, in the event that a “specified employee” (as defined under the Nonqualified Deferred Compensation Rules) becomes entitled to a payment under an Award that would be subject to additional taxes and interest under the Nonqualified Deferred Compensation Rules if the Participant’s receipt of such payment or benefits is not delayed until the earlier of (i) the date of the Participant’s death, or (ii) the date that is six months after the Participant’s “separation from service,” as defined under the Nonqualified Deferred Compensation Rules (such date, the “Section 409A Payment Date”), then such payment or benefit shall not be provided to the Participant until the Section 409A Payment Date. Any amounts subject to the preceding sentence that would otherwise be payable prior to the Section 409A Payment Date will be aggregated and paid in a lump sum without interest on the Section 409A Payment Date. The applicable provisions of the Nonqualified Deferred Compensation Rules are hereby incorporated by reference and shall control over any Plan or Award Agreement provision in conflict therewith.

Section 12.9 Additional Agreements. Each Eligible Employee, Eligible Director or Consultant to whom an Award is granted under the Plan may be required to agree in writing, as a condition to the grant of such Award or otherwise, to subject an Award that is exercised or settled following such individual’s termination of employment or service to a general release of claims and/or a noncompetition or other restricted covenant agreement in favor of the Company and its Affiliate Entities, with the terms and conditions of such agreement(s) to be determined in good faith by the Committee.

Section 12.10 Construction. Masculine pronouns and other words of masculine gender shall refer to both men and women. The titles and headings of the Sections in the Plan are for the convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

Section 12.11 Governing Law. The Plan shall be governed by and construed in accordance with the laws of the State of Oklahoma except as superseded by applicable Federal law. The obligation of the Company to sell and deliver Common Stock hereunder is subject to applicable federal and state laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Common Stock.

Section 12.12 Other Laws or Rules. It is the intent of the Company that the grant of any Awards to or other transaction by a Participant who is subject to section 16 of the Exchange Act shall be exempt from such section pursuant to an applicable exemption (except for transactions acknowledged in writing to be non-exempt by such Participant). Accordingly, if any provision of this Plan or any Award agreement does not comply with the requirements of Rule 16b-3 promulgated under the Exchange Act as then applicable to any such transaction, such provision shall be construed or deemed amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 so that such Participant shall avoid liability under section 16(b) of the Exchange Act. The Board

may refuse to issue or transfer any shares of Common Stock or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such shares or such other consideration might violate any applicable law, regulation, or stock exchange rule or entitle the Company to recover the same under section 16(b) of the Exchange Act, and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder or beneficiary.

Section 12.13 No Trust or Fund Created. The Plan is intended to constitute an “unfunded” plan for certain incentive awards. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliated Entity and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any Affiliate Entity pursuant to an Award, such right shall be no greater than the right of any general unsecured creditor of the Company or such Affiliated Entity.

Section 12.14 Severability and Reformation. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable law or, if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

Section 12.15 Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval, as required, shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable. Nothing contained in the Plan shall be construed to prevent the Company or any of its Affiliate Entities from taking any corporate action which is deemed by the Company or such Affiliated Entity to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Award made under the Plan. No employee, beneficiary or other person shall have any claim against the Company or any of its Affiliate Entities as a result of any such action.

Section 12.16 Clawback. Notwithstanding any other provisions in this Plan, any Award granted hereunder shall be subject to any written clawback policies of the Company (whether adopted prior to or following the Effective Date), and will also be subject to recovery, deduction or clawback as may be required under any applicable law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

**RESTRICTED STOCK AWARD AGREEMENT
AMENDED AND RESTATED
CONTINENTAL RESOURCES, INC.
2013 LONG-TERM INCENTIVE PLAN**

THIS RESTRICTED STOCK AWARD AGREEMENT (the “**Award Agreement**”), is entered into as of _____ (the “**Date of Grant**”) by and between _____ (the “**Participant**”) and CONTINENTAL RESOURCES, INC. (the “**Company**”):

WITNESSETH:

WHEREAS, the Participant is an employee of the Company, and it is important to the Company that the Participant be encouraged to remain in its employ; and

WHEREAS, in recognition of such facts, the Company desires to provide to the Participant an opportunity to acquire shares of the Common Stock of the Company, as hereinafter provided, pursuant to Amended and Restated Continental Resources, Inc. 2013 Long-Term Incentive Plan (the “**Plan**”), a copy of which has been provided to the Participant; and

WHEREAS, any capitalized terms used but not defined herein have the same meanings given them in the Plan.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for good and valuable consideration, the Participant and the Company hereby agree as follows:

Section 1. Grant of Award. The Company hereby grants to the Participant effective as of the Date of Grant specified above, as a matter of separate inducement but not in lieu of any salary or other compensation for the Participant’s services for the Company, an award (the “**Award**”) of _____ (_____) shares of Common Stock (the “**Restricted Shares**”), under and subject to the terms and conditions of this Award Agreement and the Plan, which is incorporated herein by reference and made a part hereof for all purposes.

Section 2. Stock Held by Company; Ownership of Restricted Shares. The Company shall evidence the Restricted Shares in the manner that it deems appropriate. The Company may issue a certificate or certificates registered in the name of the Participant representing the total number of Restricted Shares represented by the Award and retain that certificate or those certificates until the restrictions on the Restricted Shares expire or the Restricted Shares are forfeited as described in this Award Agreement. All Restricted Shares under the Award held by the Company pursuant to this Award Agreement shall constitute issued and outstanding shares of Common Stock of the Company for all corporate purposes, and the Participant shall be entitled to all the rights of absolute ownership of the Restricted Shares, including the right to vote those shares and the right to receive all cash dividends thereon (subject to vesting restrictions as described in Section 3) provided that the right to receive such dividends shall terminate with respect to shares of Common Stock which are forfeited under this Award Agreement. If shares of Common Stock vest in the Participant in

accordance with this Award Agreement, the Company shall, if requested by the Participant, deliver to the Participant a certificate representing such vested shares of Common Stock.

Section 3. Vesting of Award. If the Participant's employment with the Company, a Subsidiary or an Affiliated Entity remains full-time and continuous at all times prior to any of the vesting dates specified below (the "**Vesting Dates**"), the restrictions on a number of the Restricted Shares granted pursuant to this Award Agreement will expire and such Restricted Shares will become transferable and nonforfeitable, on or after the applicable Vesting Date, on a cumulative basis, such number of Restricted Shares determined by multiplying the aggregate number of shares of Common Stock subject to the Award by the designated percentage set forth as follows:

Percent Vested	Vesting Date
%	
%	

Such vesting percentages shall also be applicable to any dividends that may become payable on the shares of Common Stock that are subject to this Award Agreement. If the Participant terminates employment prior to the applicable Vesting Date for any reason, the Restricted Shares for which the restrictions have not lapsed as of the date of termination (including any dividends payable thereon) shall be null and void and shall be forfeited to the Company, and neither the Participant nor any other person shall have any interest therein in any manner whatsoever, unless Participant's vesting in the Award is accelerated pursuant to Section 6. Dividends, if any, that are payable with respect to the Restricted Shares under this Award Agreement shall be paid without interest to the Participant on the date of vesting of the associated Restricted Shares, and then only with respect to the percentage of such dividends as to which the Award was then vested, with the remaining portions of such dividends, if any, to be paid without interest to the Participant on the date the associated Restricted Shares respectively become vested.

Section 4. Restrictions; Forfeiture. The Restricted Shares are restricted in that they may not be sold, assigned, transferred, pledged or otherwise alienated or hypothecated in any way, shall not be assignable by operation of law and shall not be subject to execution, attachment, or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Restricted Shares contrary to the provisions hereof shall be null and void and without effect. The Restricted Shares are also restricted in the sense that they may be forfeited to the Company. The Participant hereby agrees that if the Restricted Shares are forfeited, as provided in Section 3, the Company shall have the right to deliver the Restricted Shares to the Company's transfer agent for, at the Company's election, cancellation or transfer to the Company.

Section 5. Employment. So long as the Participant shall continue to be a full-time and continuous employee of the Company, a Subsidiary or an Affiliated Entity, the Award shall not be affected by any change of duties or position. Nothing in the Plan or in this Award Agreement shall confer upon the Participant any right to continue in the employ of the Company, a Subsidiary or an Affiliated Entity, or interfere in any way with the right of the Company, a Subsidiary or an Affiliated Entity to terminate the Participant's employment at any time. With respect to the Award, the Company may, in its sole discretion, determine that if the Participant is on leave of absence for any

reason the Participant will be considered to still be in the employ of, or providing services for, the Company (and, hence, as a result of such leave of absence, Restricted Shares for which the restrictions have not lapsed as of the date the leave of absence began will not be automatically forfeited to the Company while the Participant remains on leave of absence), provided that rights to the Restricted Shares during a leave of absence will be limited to only those rights actually earned or vested when the leave of absence began, meaning that no restrictions on any Restricted Shares granted pursuant to this Award will expire and no Restricted Shares will become transferable and nonforfeitable during any leave of absence, even if a Vesting Date would otherwise occur during such leave of absence, and upon the Participant's return from leave of absence, the Company, in its sole discretion, may adjust the vesting schedule in Section 3 hereof to account for such leave of absence.

Section 6. Acceleration of Award Upon Change of Control. Upon the occurrence of a Change of Control, the Award shall become 100% vested and restrictions on all of the Restricted Shares granted pursuant to this Award will expire and such Restricted Shares will become transferable and nonforfeitable.

Section 7. Delivery of Stock. Promptly following the expiration of the restrictions on the Restricted Shares as contemplated in Section 3 or Section 6 of this Award Agreement, the Company shall cause to be issued and delivered to the Participant or the Participant's designee a certificate or other evidence of the number of Restricted Shares as to which restrictions have lapsed, free of any restrictive legend relating to the lapsed restrictions, upon receipt by the Company of any tax withholding as may be requested pursuant to Section 9. The value of such Restricted Shares shall not bear any interest owing to the passage of time.

Section 8. Securities Law Restrictions. Notwithstanding any provision of this Award Agreement to the contrary, the Award shall be vested and Common Stock (including the Restricted Shares) issued only upon compliance with the Securities Act of 1933, as amended (the "**Securities Act**"), and any other applicable securities law, or pursuant to an exemption therefrom, and with the requirements of any stock exchange or market system upon which the Common Stock may then be listed. No Common Stock will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. In addition, Common Stock will not be issued hereunder unless (i) a registration statement under the Securities Act is at the time of issuance in effect with respect to the shares issued or (ii) in the opinion of legal counsel to the Company, the shares issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Award will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. If deemed necessary by the Company to comply with the Securities Act or any applicable laws or regulations relating to the sale of securities, the Participant, at the time of any issuance hereunder and as a condition imposed by the Company, shall take action to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and shall represent, warrant and agree

that the shares of Common Stock subject to the Award are being purchased for investment and not with any present intention to resell the same and without a view to distribution, and the Participant shall, upon the request of the Company, execute and deliver to the Company an agreement to such effect. The Participant acknowledges that any stock certificate representing Common Stock purchased under such circumstances will be issued with a restricted securities legend.

Section 9. Withholding of Taxes. The Company may make such provision as it may deem appropriate to satisfy the withholding of any applicable federal, state or local taxes that it determines it (or a Subsidiary or Affiliated Entity) may be obligated to withhold or pay in connection with the vesting of the Award or the disposition of shares of Common Stock acquired upon vesting of the Award. A Participant may pay the amount of taxes required by law upon the payment of an Award (i) in cash, (ii) by delivering to the Company shares of Common Stock having a Fair Market Value on the date of payment equal to the amount of such required withholding taxes, or (iii) by directing the Company to withhold from the shares of Common Stock to be delivered to the Participant upon payment of the Award shares of Common Stock having a Fair Market Value on the date of payment equal to the amount of such required withholding taxes. If the Participant elects to use the stock withholding option described in subparagraph (iii), the Participant must make the election at the time and in the manner the Company prescribes. The Committee, in its discretion, may deny the Participant's request to satisfy the tax withholding obligations using a method described under subparagraph (ii) or (iii). In the event the Company determines that the aggregate Fair Market Value of the shares of Common Stock withheld as payment of any tax withholding obligation is insufficient to discharge that tax withholding obligation, then the Participant must pay to the Company, in cash, the amount of that deficiency immediately upon the Company's request.

Section 10. Restrictions.

(a) *Right to Repurchase.* At any time that the Company is not a "reporting company" under Section 12 of the Exchange Act, the Company will have the right to repurchase (the "**Repurchase Right**"), upon Participant's termination of employment for any reason, whether voluntary or involuntary, or by resignation, removal, death or disability or otherwise, all shares of Common Stock that are issued to Participant under this Award Agreement, that have become vested in accordance with Section 3 or 6 of this Award Agreement, and that are beneficially owned by the Participant as of the date the Company exercises the Repurchase Right. The Company's right to repurchase shall remain in effect during the term of Participant's employment by the Company and shall continue for a period of two years following termination of Participant's employment by the Company. If the Company elects to purchase any Common Stock pursuant to this Section 10(a), it shall give written notice of its election to do so (the "**Election Notice**") to the Participant. If the Company shall become a "reporting company" prior to giving an Election Notice, the Company's Repurchase Right shall lapse. If the Company shall become a "reporting company" after giving an Election Notice and prior to the consummation of the repurchase which is the subject of such Election Notice, the Company's Repurchase Right shall continue in full force and effect.

(b) *Obligation to Repurchase.* At any time that the Company is not a "reporting company" under Section 12 of the Exchange Act, the Participant, by written notice to the Company (a "**Notice to Purchase**"), may elect to require the Company to purchase from the Participant any

and all shares of Common Stock, whether or not such shares have become vested in accordance with Section 3 or 6 of this Award Agreement, and that are beneficially owned by the Participant as of the date of such Notice to Purchase. If the Company shall become a “reporting company” after a Notice to Purchase is given and prior to the consummation of the repurchase which is the subject of such Notice to Purchase, the Company’s repurchase obligation shall continue in full force and effect.

(c) *Procedure for Repurchase*. The purchase price to be paid by the Company for the Common Stock to be repurchased pursuant to Section 10(a) or Section 10(b) above (the “**Affected Stock**”) shall be the Fair Market Value of the Affected Stock as of the last day of the calendar quarter next preceding the Election Notice or the Notice to Purchase, as the case may be. The purchase price shall be determined by the Company within forty-five (45) days next following the Election Notice or the Notice to Purchase, as the case may be. Within five (5) calendar days next following the determination of the purchase price, the Company shall provide to the Participant a written report reflecting the Company’s calculation of the purchase price in reasonable detail. The Participant shall have five (5) calendar days in which to deliver to the Company the Participant’s objection to the Company’s determination of the purchase price. Any such objection shall be in writing and shall state the basis for such objection. If no such objection is timely made, the Company’s determination of the purchase price shall be final. In the event of a timely objection, and within ten (10) days following delivery of such objection to the Company, the determination of the purchase price shall be submitted to a panel consisting of three persons, one appointed by the Company, one appointed by the Participant, and the third selected by the other two. The Company and the Participant shall provide written notice to each other of the name of the person appointed to the panel. If either the Company or the Participant fails to timely appoint its member of the panel, the other party may do so. The determination of the purchase price by a majority of members of the panel shall be final and binding on the parties. The closing of the Company’s purchase of the Affected Stock shall occur at the offices of the Company on a business day which is not more than seven (7) calendar days following the final determination of the purchase price. At the closing, the Participant shall deliver the Affected Stock by appropriate assignment against payment of the purchase price.

(d) *Stockholders’ Agreements*. The receipt of the vested shares of Common Stock after the applicable Vesting Date shall be conditioned upon Participant’s agreement to be bound by agreements and restrictions applicable to other shareholders of the Company.

(e) *Restrictive Legend*. Each certificate representing the Common Stock shall contain on its face, in addition to any other legend, the following legend in order to give notice of this restriction to any purchaser or transferee of Common Stock:

“THE SHARES OF COMMON STOCK OF CONTINENTAL RESOURCES, INC. (“**COMPANY**”) REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND THE RIGHT OF THE COMPANY TO REPURCHASE THE COMMON STOCK IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN RESTRICTED STOCK AWARD AGREEMENT (“**AWARD AGREEMENT**”) DATED WHICH RELATES TO THE AMENDED AND RESTATED CONTINENTAL RESOURCES, INC. 2013 LONG-TERM

INCENTIVE PLAN. CERTAIN TRANSFERS OF THE COMPANY COMMON STOCK MAY BE INVALIDATED IF SUCH TRANSFERS ARE NOT MADE IN ACCORDANCE WITH THE TERMS OF THE AWARD AGREEMENT. ANY PURCHASER OR TRANSFEREE OF THE SHARES OF COMPANY COMMON STOCK REPRESENTED BY THIS CERTIFICATE SHOULD OBTAIN A COPY OF THE AWARD AGREEMENT AND INSURE THAT THE PROPOSED PURCHASE OR TRANSFER DOES NOT VIOLATE THE AWARD AGREEMENT.”

Section 11. Notices. All notices or other communications relating to the Plan and this Award Agreement shall be in writing and shall be delivered personally or mailed (U.S. mail) and shall be deemed to be delivered (i) on the date on which actually received by the person to whom it is delivered personally, (ii) three (3) business days following the date on which a properly addressed notice or communication is mailed via regular U.S. mail, or (iii) on the date on which receipt is acknowledged if sent via certified U.S. mail. Any notice by the Company to the Participant shall be sent to the Participant at the then current address as maintained by the Company or such other address as the Participant may advise the Company in writing. Any notice by the Participant to the Company shall be sent to the Secretary of the Company. Any person entitled to notice hereunder may waive such notice in writing.

Section 12. Furnish Information. The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

Section 13. Remedies. The parties to this Award Agreement shall be entitled to recover from each other reasonable attorneys’ fees incurred in connection with the successful enforcement of the terms and provisions of this Award Agreement whether by action to enforce specific performance or for damages for its breach or otherwise.

Section 14. No Liability for Good Faith Determinations. The Company and the members of the Board shall not be liable for any act, omission or determination taken or made in good faith with respect to this Award Agreement or the Restricted Shares granted hereunder.

Section 15. Execution of Receipts and Releases. Any payment of cash or any issuance or transfer of shares of Common Stock or other property to the Participant, or to the Participant’s legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such persons hereunder. The Company may require the Participant or the Participant’s legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a release and receipt therefor in such form as it shall determine.

Section 16. No Guarantee of Interests. The Board and the Company do not guarantee the Common Stock of the Company from loss or depreciation.

Section 17. Information Confidential. As partial consideration for the granting of the Award hereunder, the Participant hereby agrees to keep confidential all information and knowledge, except that which has been disclosed in any public filings required by law, that the Participant has

relating to the terms and conditions of this Award Agreement; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Participant's spouse and tax and financial advisors. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to the Participant.

Section 18. Successors. This Award Agreement shall be binding upon the Participant, the Participant's legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

Section 19. Severability. If any provision of this Award Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Award Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

Section 20. Company Action. Any action required of the Company shall be by resolution of the Board or Committee or by a person or entity properly authorized to act by resolution of the Board or Committee.

Section 21. Headings. The titles and headings of sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

Section 22. Governing Law. All questions arising with respect to the provisions of this Award Agreement shall be determined by application of the laws of Oklahoma, without giving any effect to any conflict of law provisions thereof, except to the extent Oklahoma state law is preempted by federal law. The obligation of the Company to sell and deliver Common Stock hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale or delivery of such Common Stock.

Section 23. Consent to Jurisdiction and Venue. The Participant hereby consents and agrees that state courts located in Oklahoma County, Oklahoma and the United States District Court for the Western District of Oklahoma each shall have personal jurisdiction and proper venue with respect to any dispute between the Participant and the Company arising in connection with the Award or this Award Agreement. In any dispute with the Company, the Participant will not raise, and the Participant hereby expressly waives, any objection or defense to any such jurisdiction as an inconvenient forum.

Section 24. Amendment. This Award Agreement may be amended by the Board or by the Committee at any time (i) if the Board or the Committee determines, in its sole discretion, that amendment is necessary or advisable in light of any addition to or change in any federal or state, tax or securities law or other law or regulation, which change occurs after the Date of Grant and by its terms applies to the Award, or (ii) other than in these circumstances described in subparagraph (i) or provided in the Plan, with the Participant's consent.

Section 25. Acknowledgements. The Participant acknowledges and agrees that (i) the Participant is not relying upon any determination by the Company, its affiliates, or any of their

respective employees, directors, officers, attorneys or agents (collectively, the “**Company Parties**”) of the Fair Market Value of the Common Stock on the Date of Grant, (ii) the Participant is not relying upon any written or oral statement or representation of the Company Parties regarding the tax effects associated with the Participant’s execution of this Award Agreement and the Participant’s receipt, holding and vesting of the Restricted Shares, and (iii) in deciding to enter into this Award Agreement, the Participant is relying on the Participant’s own judgment and the judgment of the professionals of the Participant’s choice with whom the Participant has consulted. The Participant hereby releases, acquits, and forever discharges the Company Parties from all actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with the Participant’s execution of this Award Agreement and the Participant’s receipt or holding of the Restricted Shares. The Participant further understands and acknowledges that the Participant should consult with a tax advisor regarding the advisability of filing with the Internal Revenue Service an election under section 83(b) of the Code with respect to the Restricted Shares for which the restrictions have not lapsed. This election must be filed no later than thirty (30) days after the Date of Grant set forth in this Award Agreement. This time period cannot be extended. The Participant acknowledges (a) that the Participant has been advised to consult with a tax advisor regarding the tax consequences of this award of the Restricted Shares and (b) that timely filing of a section 83(b) election is the Participant’s sole responsibility, even if the Participant requests the Company or its representative to file such election on the Participant’s behalf.

IN WITNESS WHEREOF, the parties have executed this Award Agreement as of the Date of Grant.

Continental Resources, Inc., an
Oklahoma corporation

By: _____

“Participant”

**RESTRICTED STOCK AWARD AGREEMENT
AMENDED AND RESTATED
CONTINENTAL RESOURCES, INC.
2013 LONG-TERM INCENTIVE PLAN**

THIS RESTRICTED STOCK AWARD AGREEMENT (the “**Award Agreement**”), is entered into as of _____ (the “**Date of Grant**”) by and between _____ (the “**Participant**”) and CONTINENTAL RESOURCES, INC. (the “**Company**”):

WITNESSETH:

WHEREAS, the Participant is a member of the board of directors (the “**Board**”) of the Company, and it is important to the Company that the Participant be encouraged to remain in its service; and

WHEREAS, in recognition of such facts, the Company desires to provide to the Participant an opportunity to acquire shares of the Common Stock of the Company, as hereinafter provided, pursuant to the Amended and Restated Continental Resources, Inc. 2013 Long-Term Incentive Plan (the “**Plan**”), a copy of which has been provided to the Participant; and

WHEREAS, any capitalized terms used but not defined herein have the same meanings given them in the Plan.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for good and valuable consideration, the Participant and the Company hereby agree as follows:

Section 1. Grant of Award. The Company hereby grants to the Participant effective as of the Date of Grant specified above, as a matter of separate inducement but not in lieu of any fees or other compensation for the Participant’s services for the Company, an award (the “**Award**”) of _____ (_____) shares of Common Stock (the “**Restricted Shares**”), under and subject to the terms and conditions of this Award Agreement and the Plan, which is incorporated herein by reference and made a part hereof for all purposes.

Section 2. Stock Held by Company; Ownership of Restricted Shares. The Company shall evidence the Restricted Shares in the manner that it deems appropriate. The Company may issue a certificate or certificates registered in the name of the Participant representing the total number of Restricted Shares represented by the Award and retain that certificate or those certificates until the restrictions on the Restricted Shares expire or the Restricted Shares are forfeited as described in this Award Agreement. All Restricted Shares under the Award held by the Company pursuant to this Award Agreement shall constitute issued and outstanding shares of Common Stock of the Company for all corporate purposes, and the Participant shall be entitled to all the rights of absolute ownership of the Restricted Shares, including the right to vote those shares and the right to receive all cash dividends thereon (subject to vesting restrictions as described in Section 3) provided that the right to receive such dividends shall terminate with respect to shares of Common Stock which are forfeited under this Award Agreement. If shares of Common Stock vest in the Participant in accordance with this Award Agreement, the Company shall, if requested by the Participant, deliver to the Participant a certificate representing such vested shares of Common Stock.

Section 3. Vesting of Award. If the Participant's service as a member of the Board remains continuous at all times prior to any of the vesting dates specified below (the "**Vesting Dates**"), the restrictions on a number of the Restricted Shares granted pursuant to this Award Agreement will expire and such Restricted Shares will become transferable and nonforfeitable, on or after the applicable Vesting Date, on a cumulative basis, such number of Restricted Shares determined by multiplying the aggregate number of shares of Common Stock subject to the Award by the designated percentage set forth as follows:

Percent Vested	Vesting Date
%	
%	

Such vesting percentages shall also be applicable to any dividends that may become payable on the shares of Common Stock that are subject to this Award Agreement. If the Participant terminates service prior to the applicable Vesting Date for any reason, the Restricted Shares for which the restrictions have not lapsed as of the date of termination (including any dividends payable thereon) shall be null and void and shall be forfeited to the Company, and neither the Participant nor any other person shall have any interest therein in any manner whatsoever, unless Participant's vesting in the Award is accelerated pursuant to Section 6. Dividends, if any, that are payable with respect to the Restricted Shares under this Award Agreement shall be paid without interest to the Participant on the date of vesting of the associated Restricted Shares, and then only with respect to the percentage of such dividends as to which the Award was then vested, with the remaining portions of such dividends, if any, to be paid without interest to the Participant on the date the associated Restricted Shares respectively become vested.

Section 4. Restrictions; Forfeiture. The Restricted Shares are restricted in that they may not be sold, assigned, transferred, pledged or otherwise alienated or hypothecated in any way, shall not be assignable by operation of law and shall not be subject to execution, attachment, or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Restricted Shares contrary to the provisions hereof shall be null and void and without effect. The Restricted Shares are also restricted in the sense that they may be forfeited to the Company. The Participant hereby agrees that if the Restricted Shares are forfeited, as provided in Section 3, the Company shall have the right to deliver the Restricted Shares to the Company's transfer agent for, at the Company's election, cancellation or transfer to the Company.

Section 5. Board Service. So long as the Participant shall continue to be a continuous member of the Board, the Award shall not be affected by any change of duties or position. Nothing in the Plan or in this Award Agreement shall confer upon the Participant any right to continue as a member of the Board, or interfere in any way with any right of the Company to terminate the Participant's Board service at any time.

Section 6. Acceleration of Award Upon Change of Control. Upon the occurrence of a Change of Control, the Award shall become 100% vested and restrictions on all of the Restricted Shares granted pursuant to this Award will expire and such Restricted Shares will become transferable and nonforfeitable.

Section 7. Delivery of Stock. Promptly following the expiration of the restrictions on the Restricted Shares as contemplated in Section 3 or Section 6 of this Award Agreement, the Company shall cause to be issued and delivered to the Participant or the Participant's designee a certificate or other evidence of the number of Restricted Shares as to which restrictions have lapsed, free of any restrictive legend relating to the lapsed restrictions. The value of such Restricted Shares shall not bear any interest owing to the passage of time.

Section 8. Securities Law Restrictions. Notwithstanding any provision of this Award Agreement to the contrary, the Award shall be vested and Common Stock (including the Restricted Shares) issued only upon compliance with the Securities Act of 1933, as amended (the "**Securities Act**"), and any other applicable securities law, or pursuant to an exemption therefrom, and with the requirements of any stock exchange or market system upon which the Common Stock may then be listed. No Common Stock will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. In addition, Common Stock will not be issued hereunder unless (i) a registration statement under the Securities Act is at the time of issuance in effect with respect to the shares issued or (ii) in the opinion of legal counsel to the Company, the shares issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Award will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. If deemed necessary by the Company to comply with the Securities Act or any applicable laws or regulations relating to the sale of securities, the Participant, at the time of any issuance hereunder and as a condition imposed by the Company, shall take action to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and shall represent, warrant and agree that the shares of Common Stock subject to the Award are being purchased for investment and not with any present intention to resell the same and without a view to distribution, and the Participant shall, upon the request of the Company, execute and deliver to the Company an agreement to such effect. The Participant acknowledges that any stock certificate representing Common Stock purchased under such circumstances will be issued with a restricted securities legend.

Section 9. Restrictions.

(a) *Right to Repurchase.* At any time that the Company is not a "reporting company" under Section 12 of the Exchange Act, the Company will have the right to repurchase (the "**Repurchase Right**"), upon Participant's termination of service as a member of the Board for any reason, whether voluntary or involuntary, or by resignation, removal, death or disability or otherwise, all shares of Common Stock that are issued to Participant under this Award Agreement, that have become vested in accordance with Section 3 or 6 of this Award Agreement and that are beneficially owned by the Participant as of the date the Company exercises the Repurchase Right. The Company's right to repurchase shall remain in effect during the term of Participant's service with the Company and shall continue for a period of two years following termination of Participant's service with the Company. If the Company elects to purchase any Common Stock pursuant to this Section 9(a), it shall give written notice of its election to do so (the "**Election Notice**") to the Participant. If the Company shall become a "reporting company" prior to giving an Election Notice,

the Company's Repurchase Right shall lapse. If the Company shall become a "reporting company" after giving an Election Notice and prior to the consummation of the repurchase which is the subject of such Election Notice, the Company's Repurchase Right shall continue in full force and effect.

(b) *Obligation to Repurchase.* At any time that the Company is not a "reporting company" under Section 12 of the Exchange Act, the Participant, by written notice to the Company (a "**Notice to Purchase**"), may elect to require the Company to purchase from the Participant any and all shares of Common Stock, whether or not such shares have become vested in accordance with Section 3 or 6 of this Award Agreement, and that are beneficially owned by the Participant as of the date of such Notice to Purchase. If the Company shall become a "reporting company" after a Notice to Purchase is given and prior to the consummation of the repurchase which is the subject of such Notice to Purchase, the Company's repurchase obligation shall continue in full force and effect.

(c) *Procedure for Repurchase.* The purchase price to be paid by the Company for the Common Stock to be repurchased pursuant to Section 9(a) or Section 9(b) above (the "**Affected Stock**") shall be the Fair Market Value of the Affected Stock as of the last day of the calendar quarter next preceding the Election Notice or the Notice to Purchase, as the case may be. The purchase price shall be determined by the Company within forty-five (45) days next following the Election Notice or the Notice to Purchase, as the case may be. Within five (5) calendar days next following the determination of the purchase price, the Company shall provide to the Participant a written report reflecting the Company's calculation of the purchase price in reasonable detail. The Participant shall have five (5) calendar days in which to deliver to the Company the Participant's objection to the Company's determination of the purchase price. Any such objection shall be in writing and shall state the basis for such objection. If no such objection is timely made, the Company's determination of the purchase price shall be final. In the event of a timely objection, and within ten (10) days following delivery of such objection to the Company, the determination of the purchase price shall be submitted to a panel consisting of three persons, one appointed by the Company, one appointed by the Participant, and the third selected by the other two. The Company and the Participant shall provide written notice to each other of the name of the person appointed to the panel. If either the Company or the Participant fails to timely appoint its member of the panel, the other party may do so. The determination of the purchase price by a majority of members of the panel shall be final and binding on the parties. The closing of the Company's purchase of the Affected Stock shall occur at the offices of the Company on a business day which is not more than seven (7) calendar days following the final determination of the purchase price. At the closing, the Participant shall deliver the Affected Stock by appropriate assignment against payment of the purchase price.

(d) *Stockholders' Agreements.* The receipt of the vested shares of Common Stock after the applicable Vesting Date shall be conditioned upon Participant's agreement to be bound by agreements and restrictions applicable to other shareholders of the Company.

(e) *Restrictive Legend.* Each certificate representing the Common Stock shall contain on its face, in addition to any other legend, the following legend in order to give notice of this restriction to any purchaser or transferee of Common Stock:

“THE SHARES OF COMMON STOCK OF CONTINENTAL RESOURCES, INC. (“**COMPANY**”) REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND THE RIGHT OF THE COMPANY TO REPURCHASE THE COMMON STOCK IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN RESTRICTED STOCK AWARD AGREEMENT (“**AWARD AGREEMENT**”) DATED _____ WHICH RELATES TO THE AMENDED AND RESTATED CONTINENTAL RESOURCES, INC. 2013 LONG-TERM INCENTIVE PLAN. CERTAIN TRANSFERS OF THE COMPANY COMMON STOCK MAY BE INVALIDATED IF SUCH TRANSFERS ARE NOT MADE IN ACCORDANCE WITH THE TERMS OF THE AWARD AGREEMENT. ANY PURCHASER OR TRANSFEREE OF THE SHARES OF COMPANY COMMON STOCK REPRESENTED BY THIS CERTIFICATE SHOULD OBTAIN A COPY OF THE AWARD AGREEMENT AND INSURE THAT THE PROPOSED PURCHASE OR TRANSFER DOES NOT VIOLATE THE AWARD AGREEMENT.”

Section 10. Notices. All notices or other communications relating to the Plan and this Award Agreement shall be in writing and shall be delivered personally or mailed (U.S. mail) and shall be deemed to be delivered (i) on the date on which actually received by the person to whom it is delivered personally, (ii) three (3) business days following the date on which a properly addressed notice or communication is mailed via regular U.S. mail, or (iii) on the date on which receipt is acknowledged if sent via certified U.S. mail. Any notice by the Company to the Participant shall be sent to the Participant at the then current address as maintained by the Company or such other address as the Participant may advise the Company in writing. Any notice by the Participant to the Company shall be sent to the Secretary of the Company. Any person entitled to notice hereunder may waive such notice in writing.

Section 11. Furnish Information. The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

Section 12. Remedies. The parties to this Award Agreement shall be entitled to recover from each other reasonable attorneys’ fees incurred in connection with the successful enforcement of the terms and provisions of this Award Agreement whether by action to enforce specific performance or for damages for its breach or otherwise.

Section 13. No Liability for Good Faith Determinations. The Company and the members of the Board shall not be liable for any act, omission or determination taken or made in good faith with respect to this Award Agreement or the Restricted Shares granted hereunder.

Section 14. Execution of Receipts and Releases. Any payment of cash or any issuance or transfer of shares of Common Stock or other property to the Participant, or to the Participant’s legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such persons hereunder. The Company may require the Participant or the Participant’s legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a release and receipt therefor in such form as it shall determine.

Section 15. No Guarantee of Interests. The Board and the Company do not guarantee the Common Stock of the Company from loss or depreciation.

Section 16. Information Confidential. As partial consideration for the granting of the Award hereunder, the Participant hereby agrees to keep confidential all information and knowledge, except that which has been disclosed in any public filings required by law, that the Participant has relating to the terms and conditions of this Award Agreement; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Participant's spouse and tax and financial advisors. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to the Participant.

Section 17. Successors. This Award Agreement shall be binding upon the Participant, the Participant's legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

Section 18. Severability. If any provision of this Award Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Award Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

Section 19. Company Action. Any action required of the Company shall be by resolution of the Board or Committee or by a person or entity properly authorized to act by resolution of the Board or Committee.

Section 20. Headings. The titles and headings of sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

Section 21. Governing Law. All questions arising with respect to the provisions of this Award Agreement shall be determined by application of the laws of Oklahoma, without giving any effect to any conflict of law provisions thereof, except to the extent Oklahoma state law is preempted by federal law. The obligation of the Company to sell and deliver Common Stock hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale or delivery of such Common Stock.

Section 22. Consent to Jurisdiction and Venue. The Participant hereby consents and agrees that state courts located in Oklahoma County, Oklahoma and the United States District Court for the Western District of Oklahoma each shall have personal jurisdiction and proper venue with respect to any dispute between the Participant and the Company arising in connection with the Award or this Award Agreement. In any dispute with the Company, the Participant will not raise, and the Participant hereby expressly waives, any objection or defense to any such jurisdiction as an inconvenient forum.

Section 23. Amendment. This Award Agreement may be amended by the Board or by the Committee at any time (i) if the Board or the Committee determines, in its sole discretion, that amendment is necessary or advisable in light of any addition to or change in any federal or state, tax or securities law or other law or regulation, which change occurs after the Date of Grant and by

its terms applies to the Award, or (ii) other than in these circumstances described in subparagraph (i) or provided in the Plan, with the Participant's consent.

Section 24. Acknowledgements. The Participant acknowledges and agrees that (i) the Participant is not relying upon any determination by the Company, its affiliates, or any of their respective employees, directors, officers, attorneys or agents (collectively, the "**Company Parties**") of the Fair Market Value of the Common Stock on the Date of Grant, (ii) the Participant is not relying upon any written or oral statement or representation of the Company Parties regarding the tax effects associated with the Participant's execution of this Award Agreement and the Participant's receipt, holding and vesting of the Restricted Shares, and (iii) in deciding to enter into this Award Agreement, the Participant is relying on the Participant's own judgment and the judgment of the professionals of the Participant's choice with whom the Participant has consulted. The Participant hereby releases, acquits, and forever discharges the Company Parties from all actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with the Participant's execution of this Award Agreement and the Participant's receipt or holding of the Restricted Shares. The Participant further understands and acknowledges that the Participant should consult with a tax advisor regarding the advisability of filing with the Internal Revenue Service an election under section 83(b) of the Code with respect to the Restricted Shares for which the restrictions have not lapsed. This election must be filed no later than thirty (30) days after the Date of Grant set forth in this Award Agreement. This time period cannot be extended. The Participant acknowledges (a) that the Participant has been advised to consult with a tax advisor regarding the tax consequences of this award of the Restricted Shares and (b) that timely filing of a section 83(b) election is the Participant's sole responsibility, even if the Participant requests the Company or its representative to file such election on the Participant's behalf.

IN WITNESS WHEREOF, the parties have executed this Award Agreement as of the Date of Grant.

Continental Resources, Inc., an
Oklahoma corporation

By: _____

"**Participant**"

Description of Cash Bonus Plan
Updated as of February 12, 2019

On February 22, 2013, the Compensation Committee (the “Compensation Committee”) of the Board of Directors (the “Board”) of Continental Resources, Inc. (the “Company”) approved a cash bonus plan (the “CLR Bonus Plan”) that applies to the employees of the Company, including the Company’s executive officers. On February 12, 2019, the Compensation Committee approved a change to the factors used to set the size of the annual bonus pool from the factors used to set the annual bonus pool in prior years. The CLR Bonus Plan is designed to reward the Company’s employees for achieving annual performance and strategic goals. The CLR Bonus Plan provides for the annual payment of cash bonuses, subject to the discretion of the Compensation Committee, which has the ability to exercise complete discretion in administering the CLR Bonus Plan. On August 3, 2018, the Board approved a clawback policy pursuant to which awards to executive officers under the CLR Bonus Plan may be recovered if there is a financial restatement impacting a metric relevant to an award and certain other conditions described in the policy are satisfied. The policy only applies to awards made after August 3, 2018.

Under the CLR Bonus Plan, the bonus pool will be budgeted based on the aggregate target bonus amount of all employees participating in the CLR Bonus Plan (referred to herein as the “Target Pool Size”). The size of the bonus pool will be initially set within a range based on the following factors (the “Bonus Pool Factors”): net cash provided by operating activities (weighted at 25%); return on capital employed (weighted at 25%); production growth (weighted at 15%); relative total shareholder return (weighted at 10%); reserve growth (weighted at 10%); health, safety, and environmental performance (weighted at 10%); and proved developed finding and development cost per barrel of oil equivalent (weighted at 5%). The Bonus Pool Factors will remain in effect until changed by the Compensation Committee.

The Compensation Committee has complete discretion to increase, decrease or leave the size of the bonus pool unchanged. In making the determination whether to adjust the size of the bonus pool, the Compensation Committee will consider such matters as it deems relevant, including the Company’s performance against key strategic and other initiatives identified by the Compensation Committee in areas such as health, safety and environmental, production costs and cycle times, maintenance of financial and other ratios, budget compliance and business process improvements. The size of the bonus pool as determined by the Compensation Committee is referred to herein as the “Final Pool Size.” The ratio of the Target Pool Size to the Final Pool Size will be used to determine the Company multiplier in the calculation of an individual’s bonus amount under the CLR Bonus Plan.

Individual awards for participants in the CLR Bonus Plan, including the Company’s executive officers, will be calculated utilizing the following formula:

Base Earnings x Target Bonus x Company Multiplier x Individual Multiplier = Initial Bonus Amount

The target annual cash bonus amounts for the Company’s executive officers under the CLR Bonus Plan will be determined by the Compensation Committee and in the case of Mr. Harold Hamm, the Company’s Chairman of the Board and Chief Executive Officer, if the Compensation Committee so determines, will also be presented to the Board which retains the discretion to increase or decrease Mr. Hamm’s target annual cash bonus amount, if asked to approve such amount.

Except for Mr. Hamm, the individual multiplier for bonuses will be based on the subjective evaluation of each of the Company’s executive officer’s supervisor or supervisors. Mr. Hamm’s individual multiplier will be determined based on the subjective evaluation of the Compensation Committee.

Once the executive officers’ Initial Bonus Amounts are calculated, they will be presented to the Compensation Committee for review, and in the case of Mr. Hamm, if the Compensation Committee so determines, also be presented to the Board, both of which retain the discretion to increase or decrease individual Initial Bonus Amounts and determine final awards.

**Certification of the Company's Chief Executive Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. Section 7241)**

I, Harold G. Hamm, certify that:

1. I have reviewed this report on Form 10-Q for the period ended March 31, 2019 of Continental Resources, Inc. ("Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: April 29, 2019

/s/ Harold G. Hamm

Harold G. Hamm
Chairman of the Board and
Chief Executive Officer

**Certification of the Company's Chief Financial Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. Section 7241)**

I, John D. Hart, certify that:

1. I have reviewed this report on Form 10-Q for the period ended March 31, 2019 of Continental Resources, Inc. ("Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: April 29, 2019

/s/ John D. Hart

John D. Hart

Sr. Vice President, Chief Financial Officer and Treasurer

**Certification of the Company's Chief Executive Officer and Chief Financial Officer Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)**

Pursuant to 18 U.S.C. Section 1350, the undersigned officers of Continental Resources, Inc. (the "Company") hereby certify that the Company's Report on Form 10-Q for the quarterly period ended March 31, 2019 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Harold G. Hamm

Harold G. Hamm
Chairman of the Board and
Chief Executive Officer
April 29, 2019

/s/ John D. Hart

John D. Hart
Sr. Vice President, Chief Financial Officer and
Treasurer
April 29, 2019