Different Ways of Being Responsible.
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“DIFFERENT” WORKS FOR “DENBURY.”

With our focus on enhanced oil recovery ("EOR") utilizing carbon dioxide ("CO₂"), Denbury is not your typical oil and gas company. Because of our unique ability to store CO₂ while increasing oil production from otherwise depleted oil fields, we improve local economies while reducing our country’s dependence on imported oil. We have built a strong team of dedicated employees with the skills and expertise to pursue our strategy, and our results are directly attributable to their efforts.
Denbury is one of the largest independent onshore oil producers in the continental United States.
Introduction from the CEO:

“If a man does not keep pace with his companions, perhaps it is because he hears a different drummer. Let him step to the music which he hears, however measured or far away.”

Henry David Thoreau

And so it goes with Denbury Resources. Uncommon. Unique. As we say, “a different kind of company.” Not because of our particular focus on carbon dioxide (“CO2”) enhanced oil recovery (“EOR”), but more so in the way we consider our business as being at the forefront of a renaissance of new American oil production. This revival comes with a significant environmental advantage: a way to beneficially utilize industrial CO2 emissions for energy production that results in a cleaner environment for our nation’s citizens. What’s more, the advantages of CO2 EOR will be seen for decades to come. Denbury is proud of the significant growth we have experienced in recent years, making us one of the largest independent onshore oil producers in the continental United States.

Today’s energy debate rarely touches upon the significant addition to energy security that EOR can and will provide our nation over the coming decades. Or, for that matter, the significant advantages EOR operations offer to simultaneously store anthropogenic CO2 underground to improve our environment. Oftentimes, this work is done in the laboratory after some of the nation’s leading geoscience experts have spent time in our fields conducting CO2 injection tests and oil production analysis. Leading experts from the University of Texas Bureau of Economic Geology (UT BEG), Princeton University, Massachusetts Institute of Technology (MIT), the Southeast Regional Carbon Sequestration Partnership (SECARB), the Energy and Environmental Research Center (EERC), the Lawrence Livermore National Laboratory (LLNL), the U.S. Geological Survey (USGS), the U.S. Department of Energy (U.S. DOE) and several of our distinguished state universities from the Gulf Coast and Rocky Mountain regions have conducted critical research in partnership with Denbury.

The energy potential for the United States is impressive. According to reports released by the U.S. DOE, 67 billion barrels, or more than triple current booked U.S. oil reserves, can be economically recovered at today’s oil prices using CO2 EOR. Beyond that, another 70 billion barrels have been determined as technically recoverable. This is decades upon
decades of safe, secure American oil resources that reduce our dependence on foreign imports, provide high-wage jobs and are a source of new revenue for schools and local communities.

With the completion of our nearly $1 billion Green Pipeline project now supplying CO₂ to our southeast Texas fields, we will start to see significant new oil production from these previously stranded resources. Several exciting industrial CO₂ supply projects are in the works to add large new supplies of anthropogenic CO₂ to our Gulf Coast pipeline network. In addition, we are halfway to completing our 232-mile Greencore CO₂ pipeline from central Wyoming to Montana. When completed in late 2012, it will enable us to utilize anthropogenic CO₂ to develop hundreds of millions of barrels from our growing inventory of depleted oil fields in the Rocky Mountain region. These projects are leading the way nationally.

Denbury continually strives to improve in all of the areas that make up the whole of our business. From our people, our greatest resource, to the rigorous health, safety and environmental standards and protocols we employ to protect our workforce and the communities in which we work, Denbury continually emphasizes the need for constant improvement. We hope you will see our strong commitment to being a responsible corporate citizen as you read this report.

Our 2011 Corporate Responsibility Report is the result of much hard work and collaboration from the professionals who make up Denbury. Our commitment to years of responsible long-term growth, in a field where progress is often measured in quarters, sets the stage for a vibrant national CO₂ EOR industry. America’s growth and progress fueled by the significant investment we, and others, are making will be a lasting legacy for the remainder of the 21st century.

Denbury is different.

Sincerely,

Phil Rykhoek
President and Chief Executive Officer
Company Overview

Denbury Resources Inc. (www.denbury.com) is a growing independent oil and natural gas company. Our primary emphasis is on carbon dioxide ("CO₂") enhanced oil recovery ("EOR") and the redevelopment of older, depleted oil fields to recover stranded reserves of oil that cannot otherwise be recovered by conventional methods. The vast potential for CO₂ EOR to significantly offset U.S. oil imports cannot be overstated. Recent U.S. DOE estimates point to some 67 billion barrels of oil that can be recovered by CO₂ EOR at today’s prices — tripling current U.S. reserves. CO₂ EOR is also recognized as a safe and secure method to permanently store large volumes of industrial CO₂ that would otherwise be vented into the atmosphere. Achieving these environmental advantages will depend upon whether the evolving regulatory environment is technologically feasible and economically affordable.

Today, Denbury is one of the largest independent onshore oil producers in the continental United States. We are the largest oil producer in Mississippi and Montana, and we own the largest reserves of CO₂ used for tertiary recovery east of the Mississippi River. We also hold significant operating acreage in the Gulf Coast and Rocky Mountain regions.
DENBURY RESOURCES INC.

Gulf Coast Region: Potential Tertiary Oil Reserves

**ESTIMATED 3.4 TO 7.5 BILLION BARRELS RECOVERABLE**

- Phase 1: 82 MMBbls
- Phase 2: 83 MMBbls
- Phase 3 (Tinsley): 46 MMBbls
- Phase 4: 31 MMBbls
- Phase 5 (Delhi): 36 MMBbls
- Phase 6 (Citronelle): 26 MMBbls
- Phase 7 (Hastings Area): 70–100 MMBbls
- Phase 8 (Oyster Bayou): 20–30 MMBbls
- Phase 9 (Conroe): 130 MMBbls
- Thompson: 30–60 MMBbls
(1) Proved plus probable tertiary oil reserves as of 12/31/11, including past production, based on a range of recovery factors.

(2) Probable and possible reserve estimates at 12/31/11.

(3) Source: U.S. DOE reports.
Our Commitment to Excellence

Every decision at Denbury requires teamwork. We pride ourselves on being a team-driven company as we work to enhance effectiveness and our operational performance. This philosophy is practiced throughout the company, beginning with our Executive Committee, consisting of our four most senior executives who operate as a team to set the direction of the Company and determine the outcome of all significant corporate decisions.

Likewise, we believe that we must develop and maintain good relationships with landowners and within the communities where we operate. This is common sense, good business and the right thing to do. More than simply “doing the right thing,” we listen to our constituents and seek to anticipate issues so that we may offer solutions and options to resolve problems and minimize negative impacts.

How we do this is important. That is why our strong commitment to health, safety and the environment is critical to achieving our business objectives. As we move forward with project planning and execution, we strive to make these obligations a part of Denbury’s culture by focusing on training and preparedness, and also by communicating our expectations and measuring our performance.

In this regard, we work to add environmental value to numerous aspects of our operations. By improving the fields where we operate and the buildings we work in, fostering community awareness and participation, and partnering in numerous scientific research programs, we believe we build a better company and a higher standard of achievement.
Every decision at Denbury requires teamwork.
Public Policy Achievement by the Private Sector

Denbury has participated in numerous scientific, public policy and governmental initiatives over the past several years to advance technological, economic and public knowledge of the CO₂ EOR process. Our commitment to provide government officials and others legitimately engaged in energy and environmental policy with expert information pertaining to these matters remains strong.

CO₂ EOR’s potential to produce approximately 67 to 137 billion barrels of new domestic oil supplies that could significantly offset foreign oil imports is a priority for our nation. It is accepted that these reserves cannot otherwise be developed without executing this proven, 40-year-old tertiary recovery process. The prospect of producing as much as 4 million additional barrels of oil per day — twice what we currently import from the Persian Gulf — has received close attention at the highest levels of our government.

At the same time, CO₂ EOR can also store billions of tons of industrial CO₂ that would otherwise be emitted to the atmosphere. The scientific community has repeatedly confirmed what we in the EOR business have known for years: that nearly 100% of the CO₂ that is injected for tertiary oil recovery operations is ultimately stored permanently underground. The natural trapping characteristics of these old oilfields, which held oil and natural gas in place for millions and millions of years, also trap injected CO₂ and hold it in these safe and secure geologic formations. The opportunity to utilize current EOR practice, under a proven, existing regulatory framework, now provides an avenue for safe and permanent carbon capture and storage (CCS) that is economically and technically feasible and that can be achieved today, not decades into the future.
Denbury Operations

Our strategy for CO$_2$ capture and transportation is designed to provide sufficient volumes of CO$_2$ to our growing inventory of oil fields to increase oil production and reserves. In most U.S. oil fields, on average 33% to 38% of the original oil in place (OOIP) is recoverable through primary and secondary methods, increasing to 45% to 55% with CO$_2$ EOR.

We own and operate 16 active CO$_2$ EOR projects, and we are expanding our pipeline transportation network to provide CO$_2$ to old fields that we have acquired. Our plans to acquire additional fields and expand our pipeline infrastructure are key to Denbury’s continued success. We will accomplish this by adding anthropogenic CO$_2$ supply to our natural CO$_2$ sources over the coming years.

Denbury is a unique company, and we maintain a high level of commitment to scientific and technical excellence in support of the growing CO$_2$ EOR operational sector. Our actions are viewed closely by our scientific peers and within the governmental and academic communities. Ours is a competitive business that requires large upfront capital outlay and is extremely cost-sensitive, regulatory policy matters. With common-sense regulation, CO$_2$ EOR will be the core of our future expansion and will provide high-wage jobs, contribute to a cleaner environment and add to our nation’s energy security.
Corporate Governance

The business, property and affairs of the Company are managed by the President and Chief Executive Officer under the direction of the Board of Directors. The Board has responsibility for establishing broad corporate policies and for the overall performance and direction of the Company, but it is not involved in day-to-day operations. Members of the Board are kept informed of the Company’s business by participating in Board and Committee meetings, by reviewing analysis and reports sent to them regularly, and through discussions with the President and Chief Executive Officer and other officers of the Company.

Code of Ethics

Denbury has established a Code of Ethics for its President and Chief Executive Officer and Senior Financial Officers (the “Code”) to ensure the continuing integrity of financial reporting and to protect the interests of its shareholders and all those with whom Denbury conducts business. The Code sets forth specific policies to guide the Company’s President and Chief Executive Officer and Senior Financial Officers in the performance of their duties.

Denbury’s President and Chief Executive Officer and Senior Financial Officers shall:

1. Act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.

2. Provide full, fair, accurate, complete, objective, timely and understandable financial disclosures in internal reports, as well as in documents that are filed or submitted to the Securities and Exchange Commission or any other government agency or self-regulatory organization, or are used in public communications.

3. Comply with applicable rules and regulations of federal, state and local governments, the Securities and Exchange Commission, the New York Stock Exchange, and other appropriate private and public regulatory agencies.

4. Be accountable for adherence to this Code and promptly report violations of this Code to Denbury’s Audit Committee.

5. Maintain accurate financial record keeping.

6. Refrain from taking any action that fraudulently influences, coerces, manipulates or misleads any independent public or certified accountant engaged in the performance of an audit of the financial statements of the Company for the purpose of rendering such financial statements materially misleading.
Guidelines

The Board has adopted corporate governance guidelines that address significant issues and set forth the procedures by which the Board carries out its responsibilities. Among the areas addressed by the guidelines are director qualifications and responsibilities, Board Committee responsibilities, selection and election of directors, director compensation and tenure, director orientation and continuing education, access to management and independent advisors, succession planning and management development, Board meetings, and Board and Committee performance evaluations. The Board’s Nominating/Corporate Governance Committee is responsible for assessing and periodically reviewing the adequacy of these guidelines.
FOR DENBURY, THE FUTURE IS NOW

Denbury is Already Achieving “Next Generation” Results

The DOE National Energy Technology Laboratory (NETL) report estimating current CO₂ storage levels was based on projects using Water Alternating Gas (WAG) methods; Denbury generally uses 100% CO₂ (no water), injecting and storing almost double the CO₂ of WAG methods.

Denbury’s current CO₂ EOR projects inject from 0.52 to 0.64 metric tons of CO₂ for every recovered barrel of oil (which releases ~0.42 metric tons of CO₂), storing between 24% and up to 52% more CO₂ than the recovered oil will release when consumed.

Infrastructure for Future CCS Solutions

Denbury’s current and proposed CO₂ pipeline network will enable commercial-scale CCS during enhanced oil recovery and potentially post-production utilization of underlying saline formations.

CO₂ pipeline networks provide the basic infrastructure needed for development of carbon solutions for environmentally sensitive industrial developments, including innovative gasification projects that can produce transportation fuels, power, substitute natural gas, fertilizer and chemicals from plentiful U.S. natural resources.

Technology and Planning

The country has a significant, untapped, win-win-win opportunity to stimulate our economy and reduce our dependence on imported oil while actually helping to protect wild places and reduce global warming pollution: a process known as carbon dioxide enhanced oil recovery (CO₂ EOR). To date, no significant documented environmental impacts from CO₂ injection, such as to groundwater sources, have been reported.

Source: Natural Resources Defense Council (NRDC)

EOR Can Deliver Almost as Much Oil as Primary and Secondary Recovery

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<th>Recovery Type</th>
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<td>Primary Recovery</td>
<td>~20%</td>
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<tr>
<td>Secondary Recovery (Waterfloods)</td>
<td>~18%</td>
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<tr>
<td>Tertiary Recovery (CO₂ EOR)</td>
<td>~17%</td>
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(1) Recovery of Original Oil in Place based on history at Little Creek Field
A Proven American Oil Solution

In most U.S. oilfields, an average of 33% to 38% of the original oil in place is recoverable through primary and secondary methods, increasing to 45% to 55% with CO₂ EOR.

Large Volumes of Domestic Oil Remain “Stranded” After Traditional Primary/Secondary Oil Recovery

- Estimated 596 billion barrels of U.S. original oil in place
- 400 billion barrels of U.S. “stranded” oil in place
- 175 billion barrels of cumulative production
- 21 billion barrels of proved reserves

(1) Excludes deep-water Gulf of Mexico
Source: Advanced Resources International (2008)
Current U.S. CO₂ Sources and Pipelines

U.S. CO₂ EOR PRODUCTION 2011
APPROXIMATELY 280,000 Bbls/d
Potential Sources of Additional CO$_2$

- Jackson Dome (Gulf Coast)
  - Estimated 11 Tcf of 3P (Proved, Probable and Possible) reserves
- Potential Rocky Mountain Sources
  - Could be several hundred MMcf/d
- Carbon Gasification Projects
  - Convert solid carbon into syngas
  - Syngas can be converted into various products
  - Byproduct is CO$_2$
- Existing Gulf Coast Producers of “Pure” CO$_2$
  - Up to 150 MMcf/d in the aggregate
  - Small volumes per plant
- Existing Producers of “Dilute” CO$_2$
  - Large volumes
  - Expensive to capture
  - Most likely dependent on federal mandates and/or subsidies
Jackson Dome, Mississippi

2D/3D Seismic

Denbury incorporates many modern, state-of-the-art industry tools in its development of CO₂ in the Jackson Dome area near the city of Jackson, Mississippi. The CO₂ is used to supply EOR projects in old, nearly depleted oil fields. A particularly useful tool the team uses is two-dimensional (2D) and three-dimensional (3D) seismic. Reflection seismology is a method that allows us to image changes in the subsurface geology. In order to collect the data, sound waves are directed at underground rock formations, which then bounce back from the formations thousands of feet below. The data is recorded and used to give geoscientists an “image” of the subsurface.

Seismic sound wave mapping is a safe and common practice in the oil and gas industry. Projects are coordinated with landowners and conducted with the express permission of local, state and federal officials. In the Jackson area, we use the vehicle-mounted vibroseis method, which is particularly well-suited for acquiring seismic data in urban areas. Escorted by local police, the vehicles stay on existing roads and produce only low-frequency vibrations for the source of the waves. This method has a proven track record of safety and does not harm surrounding buildings or residential infrastructure.

Once the team develops an exploration lead or development location, a plan is implemented to acquire either 2D or 3D seismic. The seismic data is captured, processed and analyzed to create a picture of the potential reservoir located 3½ miles below the earth’s surface. With the knowledge obtained, we can minimize risk and develop locations that are environmentally optimal. The high-resolution seismic imaging technique provides a non-intrusive and cost-effective method of discovering traps for CO₂. This gives a detailed characterization of the geologic structure resulting in the drilling of fewer and more productive wells. Optimal placement of development wells, after a field has been discovered, can also be achieved using seismic imaging.
During the acquisition of seismic data, Denbury is always cognizant of the surrounding environment and our effect on the nearby population. Denbury has worked closely with, and with approval from, many federal and state agencies including the U.S. Corp of Engineers, Mississippi Department of Transportation, the Federal Aviation Administration, Jackson-Evers International Airport, Pearl River Valley Water Supply District, Jackson Public Schools and the National Park Service, as well as the surrounding county and city governments. In 2011, the vibroseis acquisition process was demonstrated at the Madison city hall, where state, county and city officials were invited to observe the process. Since the first 3D shoot in the Jackson Dome basin, Denbury has drilled a total of 18 wells, of which only two were dry holes. The acquisition of 2D/3D seismic has been instrumental to this high success rate. It has become the most important tool for the technical team’s exploration/exploitation program. Denbury is responsible not only to the shareholders by reducing risk when drilling, but also to the environment, by minimizing our impact in areas in which we drill.
CO₂ EOR Production Well (Hastings Field)
Research Programs

U.S. Department of Energy Projects (U.S. DOE)

Cranfield Field – Mississippi

The Southeast Regional Carbon Sequestration Partnership’s (SECARB) Gulf Coast Stacked Storage Project demonstrates the concept of phased use of subsurface volumes, combining early use of CO₂ EOR with later injection into deeper and larger-volume brine formations. The Cranfield Field unit in southwest Mississippi operated by Denbury Onshore is the site of this test. Technical focus areas are: (1) documenting retention in the injection zone, (2) quantifying capacity and (3) quantifying pressure response to injection. SECARB partnered with Denbury to answer these questions under realistic conditions associated with large-volume injection (>1 million tons per year of CO₂). The SECARB Phase II monitoring program began in the spring of 2008 prior to CO₂ injection and continues as part of Phase III. Generally, the research consists of injection and pressure monitoring tests to assess the adequacy of established Mississippi well integrity standards for retaining CO₂ for greenhouse gas mitigation. Also, a soil gas and groundwater measurement program to assess the value of such monitoring at the Cranfield site is under way and continues as part of Phase III. No anomalies attributed to CO₂ leakage have been observed. Denbury is the host for various governmental and research groups including NETL, U.S. Geological Survey, the University of Texas at Austin, Lawrence Livermore National Laboratory, and Lawrence Berkeley National Laboratory. Data collection is largely finished, and the analysis and reporting phase continues. Remaining field research includes fluid sampling of the above-zone monitoring interval for geochemical evidence of leakage. To date, Cranfield is the site of the largest CO₂ storage research project.
Citronelle Field – Alabama
“Southeast Regional Carbon and Sequestration (SECARB) Project”

This project is a cooperative agreement with NETL to evaluate the potential for CO₂ EOR and CO₂ storage in the Citronelle oil field. The entire project consists of three stages. Stage I (January 1, 2007, to August 31, 2008) has been completed. It consisted of selection of the test site, a detailed geological study, determination of the oil/CO₂ minimum miscibility pressure, a CO₂ simulation and establishment of background conditions at the site. Stage II (September 1, 2008, to September 30, 2010) consisted of the first CO₂ injection of 7,900 tons along with the associated measuring and monitoring. Stage III (April 1, 2011, to December 31, 2011) consisted of the second CO₂ injection of 7,500 tons along with the associated measuring and monitoring. Between Stages II and III, water was injected in the pilot area.

Sponsoring organizations, in addition to the U.S. DOE, are Alabama A&M University, Denbury Resources, the Geological Survey of Alabama, Southern Company Services, Inc., the University of Alabama, the University of Alabama at Birmingham, and the University of North Carolina at Charlotte.

Proposed “SECARB Phase III Anthropogenic Test”

Denbury is participating in the early planning stages of a project to inject CO₂ into a saline formation and to monitor CO₂ containment. The Southern Company will design, construct and operate a carbon capture and separation unit at Alabama Power Company’s Plant Barry near Bucks, Alabama. The project will be capable of capturing approximately 125,000 metric tons of anthropogenic CO₂ per year. A 12-mile pipeline will be constructed from Plant Barry to transport the captured CO₂ to the Southeast Citronelle Unit, where the CO₂ will be injected into the saline Paluxy sandstones at depths of approximately 10,000 feet. These sandstones are separated from the deeper Rodessa oil reservoir by the impermeable Ferry Lake Anhydrite. One new injection well and two new monitoring wells are planned. Injection will continue for three years at a rate of 125,000 metric tons per year. After cessation of injection, the captured CO₂ will be monitored for an additional three years in order to determine how well the CO₂ has been contained.
SECARB, The Southern Company, Denbury Resources, the Geological Survey of Alabama, Advanced Resources International Inc., Electric Power Research Institute (EPRI) and the University of Alabama at Birmingham are potential partners in this proposed Phase III anthropogenic CO₂ storage test in cooperation with NETL.
Bell Creek Field — Montana

Denbury has teamed with the Plains CO₂ Reduction (PCOR) Partnership, led by the Energy and Environmental Research Center (EERC), to characterize and model CO₂ behavior in the subsurface as a basis for designing a comprehensive monitoring plan for the CO₂ storage and EOR operation at Bell Creek Field. Detailed site characterization, modeling and monitoring of the CO₂ EOR and storage operations will allow site operators to account for the CO₂ utilized in oil production and to verify that the CO₂ remains in place once EOR operations are complete.

A 232-mile pipeline from the Lost Cabin natural gas-processing facility in central Wyoming will deliver CO₂ to the Bell Creek Field. CO₂ injection for EOR is scheduled to start in late 2012 and will utilize nearly 900,000 metric tons (1 million tons) of CO₂ per year.

THE BELL CREEK INTEGRATED CO₂ EOR AND STORAGE PROJECT COMBINES THE PROVEN TECHNIQUES OF CO₂ ENHANCED OIL RECOVERY WITH THE CHARACTERIZATION AND MONITORING NEEDED FOR EFFECTIVE CARBON STORAGE.
The PCOR Partnership is a group of public and private sector stakeholders working together to better understand the technical and economic feasibility of storing CO\(_2\) emissions from stationary sources in the central interior of North America. The PCOR Partnership is led by the EERC at the University of North Dakota and is one of seven regional partnerships under NETL’s Regional Carbon Sequestration Partnership Initiative.

**Delhi Field – Louisiana**

The Colorado School of Mines Reservoir Characterization Project (RCP) is an independently sponsored research consortium that fosters industry and university interaction to provide cost-effective, collaborative research in geology, geophysics and reservoir engineering. The main goal of this consortium is to perform unique research that will improve the ultimate oil recovery of an oil field. This project will train students for employment in the oil and gas industry as well as help Denbury to optimize and manage CO\(_2\) floods for years to come.

Denbury’s Delhi Field was selected in Phase 13 (2009–2010) and again in the current RCP Phase 14 (2011–2012) of the research consortium. RCP acquired time-lapse seismic at Delhi in June 2010 (Phase 13) and August 2011 (Phase 14) that will be incorporated into geomodeling and CO\(_2\) flood simulation. Master’s and doctoral students in geology, geophysics and reservoir engineering have accepted internships to work alongside Denbury professionals in the Plano office since the summer of 2009. Each student’s graduate research interest has direct application to enhanced oil recovery projects. The summer 2011 RCP intern worked on seismic inversion that will provide a 3D dataset for more precise sand distribution in the Delhi field geomodel. The fall 2011 intern updated the Delhi geomodel and ran an independent simulation that showed CO\(_2\) plumes that matched the seismically observed (time-lapse) plumes. RCP has contributed to CO\(_2\) flood management at Delhi and will lead the way for future time-lapse seismic projects at Denbury.
CO₂ Pipeline Safety

Denbury continues to enhance public safety and environmental protection through increased public awareness and knowledge. By sharing information, we aim to raise awareness about our pipeline facilities and help the public better understand the role they can play in contributing to pipeline safety.

More than 2 million miles of pipeline in the United States deliver petroleum products and natural gas. However, there are fewer than 4,000 miles of CO₂ pipelines currently constructed in the nation. According to National Transportation Safety Board statistics, pipelines are the safest, most efficient and most reliable method to transport these resources.

While CO₂ is nontoxic, nonflammable and nonexplosive, Denbury works closely with emergency officials in the communities through which our pipelines pass, to provide them with up-to-date information on emergency response procedures. This includes Public Awareness and Damage Prevention group meetings, training drills and other liaison activities to ensure open lines of communication.

For safety, markers have been installed along the pipeline Right-of-Way (ROW) at varying intervals and on both sides of road crossings. They provide a telephone number for reporting pipeline emergencies and indicate the type of product being transported in that pipeline.

Since pipelines are typically buried underground, marker signs are used to indicate the general or approximate location of the pipeline but should never be used as a reference for the exact location of the pipeline. In addition, the pipeline may not follow a straight route between marker signs. Denbury encourages utilizing pipeline “one-call” systems to enhance public safety.

Pipeline Safety Measures

- 24-hour monitoring of transmission pipeline operations
- Aerial and ground surveillance
- Formalized integrity management plan
- Preventive maintenance programs
- Regular testing

Pipeline Risk Engineering, Safety, and Integrity

Always call 811 if you plan to dig

We use a variety of methods to ensure safe operations of our pipeline systems:

- Cathodic Protection — an artificial source of current is applied to our pipelines in addition to a protective coating to help prevent external corrosion.
Pressure Testing — all of our pipelines are strength-tested with a safety factor to establish maximum operating pressure prior to being placed in service.

Visual Inspection — Denbury’s pipeline ROWs are inspected on a regular basis for signs of damage and encroachment, which could prevent us from gaining access to all our facilities at all times for regular maintenance or during emergencies. Marker signs are placed along the right-of-way to alert the public of the existence of the pipelines.

Public Awareness Program — the program is designed to help the public, contractors and others identify the location of pipelines before excavating to prevent third-party damages. We are also members of one-call centers in the states where we operate pipelines.

Monitoring — operating conditions of our pipelines are monitored 24 hours a day, 7 days a week by a control center. The computer system has the capability to operate automated valves to shut down and/or isolate sections of the pipeline systems, if necessary.

Emergency Procedures — all pipeline operations personnel are trained periodically for emergency preparedness and are required to follow company procedures during emergency situations.

Additional Pipeline Safety Information

Pipeline and Hazardous Materials Safety www.phmsa.dot.gov/pipeline
Administration, DOT

Dig Safely www.call811.com

MS One-Call System www.ms1call.org

LA One-Call System www.laonecall.com

TX One-Call System www.call811.com

National Pipeline Mapping System www.phmsa.dot.gov/pipeline/initiatives/npms

Transportation Safety Institute www.tsi.dot.gov

Common Ground Alliance www.commongroundalliance.com

Pipeline Basic Information www.pipeline101.com/introduction/index.html

Denbury Onshore 24-Hour Emergency Numbers

CO₂ Pipelines: (888) 651-7647

Mississippi One-Call: 811 or (800) 227-6477

Louisiana One-Call: 811 or (800) 272-3020

Texas One-Call: 811 or (800) 344-8377
Denbury’s plan is to construct the Greencore Pipeline to transport CO$_2$ from anthropogenic (man-made) sources to petroleum reservoirs in the Rocky Mountain region.
Greencore Pipeline Project

The 232-mile pipeline is designed to transport CO₂ from the Conoco-operated Lost Cabin Gas Plant in Fremont County, Wyoming, to the Bell Creek oil field in Montana. The 20-inch-diameter pipeline is designed to transport the man-made carbon dioxide to Bell Creek, where it will be injected into the reservoir to recover additional crude oil from the nearly depleted field.

Purpose of the Greencore Pipeline

Denbury is constructing the Greencore Pipeline to transport CO₂ from anthropogenic (man-made) sources to petroleum reservoirs in the Rocky Mountain region. Although only +/- 50 MMCFD will be transported initially, the pipeline is designed to transport future volumes up to 725 MMCFD with the addition of pump stations and additional sources of CO₂. Implementation of more enhanced oil recovery projects would result in incremental oil production that would not otherwise be economically feasible. The incremental production would extend the economic life of the fields and benefit both state and local economies.

Benefits of Denbury’s Strategy

- Increase domestic oil production
- Improve the local economies in which we operate and create jobs
- Provide a proven method for safe and permanent storage of industrial CO₂ emissions
- Help reduce our nation’s need for imported oil

Construction Update

Initial construction of the pipeline and mainline valves (MLV) for the Greencore Pipeline started on August 29, 2011, on two of the four spreads. Spread #2 consisted of approximately 53 miles of pipe and 4 MLV installations. Construction was completed on Spread #2 on December 8, 2011, and the line was purged and packed with nitrogen to preserve the pipeline until next year. Spread #3 consisted of approximately 62 miles of pipe and 7 MLV installations. It was completed on December 17, 2011, and again the line was purged and packed with nitrogen. Spreads #1 and #4 will be constructed in 2012 along with the remaining MLV installations and the metering stations at both Conoco’s Lost Cabin Gas Plant and Denbury’s Bell Creek Facilities station. Construction will begin on August 1, 2012, and is planned to be completed by mid-November.

Construction for the capture of +/- 50 MMCFD of CO₂ from the Conoco Lost Cabin Gas Plant located in Wyoming is currently in the design phase. This project will be completed in conjunction with the Greencore Pipeline project.
The Greencore Pipeline was designed to address a number of environmental, habitat and cultural conservation elements. The project will be built over a two-year period to meet the wide range of requirements needed to protect these sensitive areas.

**Greater Sage-grouse**

- Rerouted the pipeline around no surface occupancy (NSO) areas (i.e., within 0.6 mile of occupied sage-grouse leks).
- Constructing outside the nesting season (March 15 to June 30) over a two-year period. In addition, the nesting habitat was delineated during the spring of 2010 along the entire pipeline corridor in order to quantify nesting habitat disturbance.
- Not constructing November 15 to March 14 in mapped winter concentration areas. A total of three aerial surveys (January 2010 and winter 2010/2011) have been completed to identify winter concentration areas along the pipeline.

**Raptors**

- Rerouted the pipeline around NSO areas of Artificial Nesting Structures within the Casper Field office (i.e., within 0.5 mile of the structures).
- Not constructing within the appropriate raptor nest buffer during the raptor nesting season (February 1 to July 31). A total of two aerial surveys (spring 2010 and spring 2011) were completed to identify active raptor nests along the pipeline.
- Not constructing within 0.5 mile of mapped bald eagle winter roosts (November 1 to March 30). A total of three aerial surveys (January 2010 and winter 2010/2011) have been completed to identify winter roosts along the pipeline.

**Mountain Plover**

- Not constructing within mapped mountain plover habitat from April 10 to July 10 unless mountain plover nest surveys are conducted. If a nest is found, a 0.25-mile buffer was implemented prior to construction in 2011. Mountain plover habitat mapping was completed in the spring of 2010.

**Wetlands and Waterbodies Conservation**

- Conducting comprehensive wetland and waterbody delineations within the project area to determine the spatial extent of hydrological features potentially impacted by the project.
- Avoiding wetland and waterbody features to the maximum extent possible. If avoidance is not feasible, the project has committed to implementing neckdowns (i.e., a reduction in ROW width, 50 feet or less) during construction.
Cultural Conservation

- Working with the U.S. Bureau of Land Management (BLM) to mitigate adverse effects to National Register-eligible historic and prehistoric sites by compliance with section 106 of the National Historic Preservation Act.

- Avoiding several eligible prehistoric sites via reroutes. Project archaeologists have worked closely with civil surveyors to identify viable avoidance options, including centerline reroutes and removing roads from consideration as access.

- Cooperating with the BLM with regard to Native American concerns. Sensitive cultural features (e.g., stone circles, stone cairns) are being avoided per BLM request.

- Where avoidance is not an option, the project is committed to data recovery excavation to mitigate any adverse effect. Only two sites have been identified for this type of treatment.

- Fencing and ROW width restrictions will be implemented at several National Register-eligible sites in close proximity to construction activities to ensure avoidance. Other mitigation measures include, for example, restoration of the original grade of historic railroads and trails/roads that are impacted by the project.
Midwest Pipeline Prospect

Denbury initiated a study in early 2009 to evaluate the feasibility of a new U.S. pipeline to transport anthropogenic CO₂ from the Midwest south into the Gulf Coast region. Denbury has revised its study for a single CO₂ source originating in Rockport, Indiana. The new pipeline is proposed to be 441 miles long and 20 inches in diameter.

**Key Project Developments**

- One Indiana gasification facility is advancing in the U.S. DOE Loan Guarantee Program; Denbury holds CO₂ purchase contracts with the facility.
- The pipeline design will be capable of transporting volumes up to 250 MMCFD of captured man-made CO₂.

**THE STUDY REPRESENTS ANOTHER SIGNIFICANT STEP IN DENBURY’S LEADING EFFORT TO ESTABLISH THE INFRASTRUCTURE NECESSARY TO CAPTURE AND TRANSPORT ANTHROPOGENIC CO₂ IN THE UNITED STATES.**
Denbury’s First CO₂ EOR Projects in Texas

Oyster Bayou Field, Texas

Denbury’s first CO₂ EOR production in Texas was December 15, 2011, at Oyster Bayou Field.

Denbury has taken a leading role in the United States in making EOR fields useful both for EOR efforts and for the potential future storage of anthropogenic CO₂. Assuming statutory or regulatory authority will enable Denbury to do so, the Oyster Bayou Field unit is unique in that a majority of the landowners have agreed not only to allow the field to be used for EOR operations but to allow for the possible future storage of CO₂ at the site when such operations cease. To that end, Denbury supports legislation that would strengthen the ability of a majority of interest owners to join together under a common plan of development to form field units critical to the utilization of anthropogenic CO₂.

Hastings Field, Texas

Denbury completed the last section of the 24-inch, 325-mile Green Pipeline for transporting CO₂ from Donaldsonville, Louisiana, to oil fields in Texas. On December 16, 2010, Denbury started injecting CO₂ to enhance oil production at Hastings oil field in Brazoria County, Texas. The field experienced first CO₂ EOR production operations in January 2012.
Health, Safety and Environmental (HSE) Policy

Denbury Resources Inc. and its subsidiaries and affiliates (“Denbury”) is committed to the safety of its employees, contractors and the general public. We recognize that providing and integrating a sound environmental, health and safety program into our business is key to our success.

It is Denbury’s policy to:

- Comply with all pertinent environmental and safety laws, rules and regulations, not just because it is legally required but because we believe it is the responsible way to conduct our business;

- Set HSE targets and goals annually to measure our performance, to achieve superior results and to continually improve;

- Monitor, revise and reemploy safety systems and environmental assessments on a regular basis;

- Provide education and training to our employees in order for them to have the knowledge, skills and understanding to perform their responsibilities and duties at the highest level;

- Routinely review and verify performance with audits, evaluations and other quality assurance and quality control methods;

- Empower and expect employees and contractors to promptly report non-compliance or unsafe conditions and to take immediate action to prevent injuries or environmental accidents;

- Provide relevant safety and health information to contractors and require them to provide proper training for the safe, environmentally sound performance of their work; and

- Communicate our commitment to this policy to our subsidiaries, affiliates and contractors and seek their support.

As a condition of employment, all employees are required to comply with all safety- and environmental-related rules and regulations. All employees understand that they are individually responsible for their own safety and the safety of those around them.

Violation of this policy will be cause for disciplinary action up to and including termination of employment.
HSE Key Performance Indicators

Denbury tracks Key Performance Indicators (KPI) designed to measure progress towards our HSE goals. The KPI’s represent various aspects of:

1. Safety
2. Spill Prevention
3. Employee Training
4. Regulatory Compliance

These metrics are monitored continuously and communicated on a regular basis. Denbury also assesses these performance targets annually as part of our employee compensation package.

1. Safety: In 2011, the Total Recordable Incident Rate (TRIR) equaled the improved performance observed in 2010. This rate represents the number of Occupational Safety and Health Administration (OSHA) recordable incidents for every 200,000 hours worked. The most recently published Bureau of Labor Statistics data (2010) for the oil & gas extraction sector indicated an average of 1.20. Denbury’s 2011 TRIR by comparison was 0.62.

Of these incidents, those that resulted in lost time, restricted duty or job transfer, Denbury’s rate was 0.31 compared to the latest Bureau of Labor Statistics (2010) industry average of 0.70.

Total Recordable Incident Rate

(1) BLS Industry Average for TRIR
(2) BLS Industry Average for lost time, restricted duty or job transfer
2. Spill Prevention: Denbury’s HSE policy emphasizes spill prevention and minimization. As a direct result of new investments, improvements in our operating procedures, employee training and management supervision, the number of spills that occurred in 2011 decreased compared to 2010. We are continuing to implement our corporate philosophies and approach to spill prevention in new areas of operations. We will continue to focus our efforts on sound design and engineering standards to prevent spills from occurring.

3. Employee Training: The success of any HSE program hinges upon an institutional commitment from our executive management and the awareness and the training of our employees. Our company-wide training program was launched in 2009, and we continue to enhance the program as we add new employees to our team. We believe that this training initiative and our overall program are directly contributing to our safety performance.

4. Regulatory Compliance: Denbury is subject to a variety of federal, state and local HSE laws and regulations. We strive to achieve full compliance with regulatory requirements and to minimize our operational “footprint” on the environment. Given the nature of acquiring older properties, we are often faced with the challenge of correcting existing adverse environmental issues while minimizing future impacts. In an effort to insure compliance, routine audits are conducted to identify and generate corrective actions.

Individual Emergency Response Plans

Denbury has a company-wide Emergency Response Plan to cover various types of emergencies, including spill response, well control events, natural disasters, fire and pandemics. Additionally, each field location has site-specific emergency procedures for these events. Emergency Response Plans, Facility Response Plans, and Spill Prevention Control and Countermeasure Plans are employed at the field locations where applicable.
Emissions Disclosure Estimations

GHG Reporting

In 2009, EPA promulgated the Mandatory Reporting of Greenhouse Gases Rule for all industries. The rule implementation was phased across various Subparts, including “suppliers” of greenhouse gases (GHG). Denbury’s business includes several aspects covered by the GHG rule, including Subpart W (Petroleum and Natural Gas Systems), Subpart PP (Suppliers of Carbon Dioxide), and Subpart UU (Injection of Carbon Dioxide). EPA required reporting for Subpart PP for the 2010 calendar year, while Subparts UU and W began in the 2011 calendar year. In February 2012, EPA established a public website to access available reports for all applicable Subparts. The Subparts that started monitoring in the 2011 monitoring period will be reported by September 2012.
Heath, Safety and Environmental Management

At Denbury, HSE is integrated into corporate and field operations. The HSE Department’s primary task is to train and educate employees to reduce HSE-related risks to the Company and to manage issues once they arise. As part of this management philosophy, the HSE Department conducts routine documented audits that focus on compliance with federal, state and local regulations, as well as Company policies and procedures.

HSE initiatives are communicated to employees through new employee orientations, formal training programs, regularly scheduled safety meetings and field visits by HSE staff.

Protecting natural habitat requires proper planning and execution in our development plan. Denbury addresses wildlife protection, soil quality, plant species and other natural values as a part of our development, reclamation and remediation efforts.

Resource Impacts

Denbury takes great effort to minimize impacts to the environment. When constructing new projects, the following sequence is followed:

Avoid $\rightarrow$ Minimize $\rightarrow$ Compensate $\rightarrow$ Restore

This process starts in the very early stages of planning a project. Site selection, routing and mitigation are included as an integral part of any project’s alternative analysis. In some cases, compensatory mitigation is required, and Denbury works with the regulatory agencies to offset any unavoidable impacts.
DENBURY ADDRESSES WILDLIFE PROTECTION, SOIL QUALITY, PLANT SPECIES AND OTHER NATURAL VALUES AS A PART OF OUR DEVELOPMENT, RECLAMATION AND REMEDIATION EFFORTS.

Environmental Remediation Projects

Denbury continues to dedicate funds each year to remediation and facility abandonment projects. In 2011, approximately $2.1 million dollars was spent on 38 cleanup and abandonment projects. This work consisted of waste removal, soil remediation, site reclamation, facility abandonment, and other remediation efforts. Particularly, in those areas that are undergoing a transformation to EOR operations, facilities and sites that are longer needed and systematically targeted for removal and restoration. Additionally, we spent $28.2 million on environmental, remediation and safety improvements at various locations throughout the organization. We plan to continue to allocate funds to projects like these each year.

ADDING ENVIRONMENTAL VALUE

Multi-Well Drilling Pads

In populated or environmentally sensitive areas, Denbury drills multiple wells from a single surface location or pad. At the surface the wells are typically spaced 15 feet apart, but may reach their bottomhole location thousands of feet away. Benefits of these multi-well pads over single-well pads include: (1) less surface area is impacted than the aggregate surface area for multiple individual well pads. In the resource shale plays such as the Bakken in North Dakota, most of these wells are horizontal drills. Multiple wells are directionally drilled from a single pad location to different subsurface targets; (2) they allow construction of a single drilling reserve pit to serve multiple wells as opposed to a reserve pit for each well; (3) by concentrating the drilling to a single pad, we further eliminate the need for additional roads to multiple well sites and test facilities are generally constructed on the same pad, which limits the flow line lengths for each well and further reduces environmental impacts.

HEIDELBERG, SHARON, BROOKHAVEN, MCCOMB, MALLALIEU, CRANFIELD, TINSLEY AND SMITHDALE FIELDS AS WELL AS THE BAKKEN AREA ARE CURRENTLY USING MULTI-WELL DRILLING PADS.
Adding Environmental Value to U.S. Oil Fields

Older, depleted U.S. oil fields that we acquire often suffer from mechanical or environmental conditions that we remedy as part of our enhanced oil recovery operations. Denbury’s program to rejuvenate these fields and increase oil production from marginal oil fields begins by initiating a comprehensive environmental assessment and remediation program that addresses environmental issues, equips the field with updated technology and results in a more environmentally benign operation that is cleaner and “greener” than what existed before.

These actions, taken together, ensure identification of any age-related problems associated with an older facility, while adding improvements through new equipment and technology to modernize the facility and prepare it for CO₂ injection.

Areas of improvement that typically receive attention include mechanical review of wellbores and surface production facilities; pressure testing of existing casing and the replacement of old tubing; installation of new wellhead equipment; installation of emission reduction equipment; installation of sound barriers, silencers and landscaping; replacement of old production flow lines with new flow lines; and in some cases, adding remote telemetry technology for communication and data gathering, thus reducing traffic. As a general rule, we review and address all areas of state-mandated regulatory compliance.

These actions, taken together, ensure identification of any age-related problems associated with an older facility, while adding improvements through new equipment and technology to modernize the facility and prepare it for CO₂ injection.

Reactivating and increasing oil production in marginal oil fields results in increased revenue to the mineral owners, additional severance, ad valorem and sales tax revenues to state and local governments, and job growth that benefits local economies. Because CO₂ EOR is capital-intensive, large sums of revenue are injected into local and state economies.
Closed Drilling Systems

In Denbury’s Bakken drilling operations, we have eliminated digging large reserve pits and are using closed systems with smaller cutting pits.

For conventional drilling operations, a lined reserve pit is constructed, and the drilling mud is circulated through the well. The cuttings and excess drilling fluids are dropped into the reserve pit, which is large enough to hold all of the drill cuttings and excess mud generated during the drilling of the well.

In a closed-loop drilling fluid system, the reserve pit is replaced with separation equipment to remove the solids and recycle the mud used in the drilling process. The closed system contains screen shakers, hydrocyclones, centrifuges and other equipment used for processing the well return fluids. Fluids are recycled and the dry cuttings are deposited in a smaller pit.

Benefits of the Closed Drilling System

- Reduces water consumption at the well site through fluid recycling
- Eliminates large, unsightly liquid-filled pits and any possible odors from the pits
- Reduces drilling waste at the well site
- Reduces the drill site surface disturbance associated with the well pad by utilizing a significantly smaller cutting pit in place of the reserve pit
- Protects wildlife through the reduced use of pits
- Reduces the expense of building, possible netting or fencing of large reserve pits
- Reduces the hazard of damaging buried pipelines and utilities
- Provides a level of protection for areas where higher groundwater table levels exist
- Reduces truck traffic associated with hauling off fluids to a commercial disposal site
- Improves relationships with surface owners by minimizing the drilling waste that must be reclaimed at the well site

In addition to closed systems, Denbury has begun processing the brine water used to drill the Bakken lateral sections. Commercial lubricants are normally added to the fluid system to reduce torque and improve drilling efficiency in the lateral sections. Over time, the fluid becomes “dirty” due to emulsified oil and solid waste buildup. In the past, the bulk of this fluid was trucked to commercial disposal sites and had to be replaced. We are currently testing the use of chemical breakers and centrifuge equipment to strip the waste and return clean brine water to the rig for subsequent wells. The result is a reduction in disposal volumes, lubricant use and water consumption.
Flex Rigs

Denbury has contracted to have three new Flex 3 rigs for our Bakken operations. Advantages include:

- Advanced design with automated systems and improved drilling efficiency
- Reduction in overall drilling time and, therefore, impact on the surrounding environment
- Better emission controls on the newer-style engines
- Integrated drainage built into the rig to enhance the protection of the environment
- Enhanced safety — rig systems include features to reduce physical personnel exposure to heavy equipment
- Cylindrical mud pit system designed to reduce fluid waste and subsequent disposal
- Fit-for-purpose rigs built to move quickly — reduced total loads vs. standard conventional rigs
- Installation of skidding systems allows the rig to move on multi-well pads without the need for trucks or cranes
- Compact design requires fewer trucks to move compared to the older box-on-box-type rigs

Sound Mitigation

When possible, Denbury employs “Noise Control” as a means of reducing or mitigating sound emissions. Although in most cases the noise generated by the drilling rig is confined to the location and is a temporary disturbance, Denbury takes into consideration the potential effects our operations may have on adjacent populated areas while adhering to stringently enforced State noise regulations.

We employ both practical and efficient noise control as dictated by engineered sound studies to reduce the effects. This includes the use of sound barriers and blankets to reduce the noise originating from the drill site.

“Quiet Mode Plans” are also used to reduce the noise at the well site during night hours. The plan includes training, installation of sound barriers and operations scheduling/planning.

Noise monitoring equipment is used to determine the effectiveness of the barriers and sound control plans.

Riley Ridge, Wyoming

Ambient Air Monitor Station (AAMS)

Riley Ridge is located in the Northern Green River Basin (GRB), along the southern edge of the Wyoming Range. The Northern GRB and Pinedale, Wyoming, in particular, have been dealing with elevated ozone levels in the winter months for a number of years now. Local and conventional thinking associates the source of this ozone as drilling and completion practices in the Greater Pinedale/Jonah gas field, located approximately 30 to 40 miles east of the plant site. A unique set of factors
appears to aggravate the problem, including the relatively high elevation, the large degree of snow cover in the winter months, stagnant air/temperature inversions during the winter, the presence of Volatile Organic Compounds (VOC) due to oil and gas operations, and the possible atmospheric migration from Utah across the Wyoming Range.

In the early days of the Riley Ridge Project, we initiated communication with the regulatory agencies along with the local citizens who were knowledgeable and interested in air pollution issues. Denbury is voluntarily installing a high-end AAMS to provide useful information to the public and regulatory agencies in the GRB.

The goals of this initiative are to:

1. determine how we could best help the situation;
2. determine what action would also enable us to propose future facilities; and
3. demonstrate that our proposed project would not contribute to an increase in air pollution in the valley due to fewer emissions and project offsets.

What was revealed was a lack of understanding as to sources of pollution outside of the GRB. All existing monitors are on the valley floor. Remote/mountaintop sites were not included due to the lack of both electrical power and a fiber optic cable through which to communicate the data and images. Riley Ridge Unit’s unique location in the mountains, in a natural wind tunnel, offered an opportunity to provide data no one else could.

The Riley Ridge team worked with the County Commissioners, local concerned citizens and the Wyoming Department of Environmental Quality (DEQ) to design an AAMS to be located upwind of the facilities on Riley Ridge. The station will cost approximately $300,000 to install and operate and is nearing completion. The station is set and we are waiting on power and fiber-optic energizing prior to installing the last pieces of equipment.

The AAMS will provide the following information (much of which will be available online through the DEQ website):

- Air quality (ozone, SO\textsubscript{x}, NO\textsubscript{x}, SO\textsubscript{2}, CO, etc.)
- Particulates
- Meteorological data (wind speed, direction, temperature, humidity, barometric pressure, etc.)
- Visibility (across the valley, distinct layers of haze are clearly visible)
- Wildlife cameras – used to monitor the elk migration through our operating areas

Added benefits include:

- Site security (vehicle and license plates for people accessing the site from the west)
- Safety – emergency helicopter access (Flight for Life)
- Upwind shelter from the plant site
Jackson Dome, Mississippi
Remote Cathodic Protection Monitoring System

The CO₂ Supply and Pipelines Operations Group has installed a remote cathodic protection monitoring system on its pipelines. In order to counteract the electrolytic corrosion reaction on the pipelines, transformer rectifiers are installed, which place a voltage onto the pipeline. This system remotely monitors the proper operation of rectifiers by measuring rectifier volts, rectifier amps, pipe-to-soil potential and AC mains detection. There are approximately 150 monitoring units on the pipeline system. This system has reduced the required driving and monitoring time by 2,080 man-hours per year for Corrosion Technicians who are responsible for the pipeline system. The operational data that is gathered is reviewed weekly and stored for regulatory compliance verification.
Political Contributions and Lobbying

Political Campaign Donations

Denbury participates in the federal, state and local political process because public policy decisions can and do impact the Company, its employees and its shareholders. The Denbury Political Action Committee (Denbury PAC) is a voluntary fund supported by Denbury employees, who pool their resources to support political candidates who are supportive of a healthy U.S. oil and gas industry and a fair and sustainable business environment. No contribution is made in exchange for or with the expectation of official action by the recipient. The Denbury PAC is a nonpartisan entity that makes contributions that reflect the interests of the Company and not individual employees, officers or directors. Contributions to the Denbury PAC are made according to written guidelines and are strictly voluntary. Employees have a right to refuse to participate without fear of retaliation and also understand they will not be reimbursed for making such a voluntary contribution.

Federal law prohibits the contribution of corporate funds to candidates for federal office. Certain states do allow corporate contributions under specific guidelines, and where allowed, Denbury may make contributions. The use of company assets or funds for political purposes, as well as contributions from the Denbury PAC, must be recommended by the Governmental Relations department and approved in advance by the executive officers of the corporation.

Lobbying

State and federal laws require Denbury to report expenditures associated with activities that support lobbying. Denbury employs and also contracts with registered lobbyists and makes expenditures to individuals and outside organizations, such as trade associations, who conduct lobbying activities. It is the responsibility of employees engaged in lobbying activities to meet all necessary reporting requirements. Denbury also makes reasonable efforts to track and report payments to trade groups and other tax-exempt entities who engage in lobbying activity that would not be deductible expenses under federal tax law.

Gifts

Denbury follows all applicable federal, state and local rules pertaining to gifts to Executive and Legislative branch government officials. Employees are expected to know the rules in this regard and must seek permission from the Governmental Relations department in advance before giving a covered gift to a governmental official.
DENBURY AND ITS EMPLOYEES PARTICIPATE IN VARIOUS FUNDRAISING PROGRAMS, SUPPORTING CHARITABLE ORGANIZATIONS AND EDUCATIONAL INSTITUTIONS.
Denbury is committed to operating within a framework of core values that include integrity, teamwork, respect, excellence and innovation.
Human Resources

Commitment to Equal Employment

It is Denbury’s policy to afford equal employment opportunity to all individuals, regardless of race, creed, color, religion, gender, national origin, ancestry, age, marital status, disability, gender identity or sexual orientation. Our employees, as well as our applicants and others with whom we do business, will not be subjected to sexual, racial, religious, ethnic or any other form of unlawful harassment and/or discrimination. In addition, Denbury adheres to the equal employment opportunity requirements of all states and localities in which we do business. We are committed to these principles, both because we are required by law and because it is the right thing to do.

Denbury’s commitment to equal opportunity is applied throughout every aspect of the employment relationship, including, but not limited to, recruitment, selection, placement, training, compensation, promotion, transfer, termination and all other matters of employment.

Top 100 Places to Work 2011

Denbury was recognized as a three-time winner in The Dallas Morning News Top 100 Places to Work in the DFW area. Denbury was #11 in the large-size company category in 2011, moving up from #32 in 2010 and #39 in 2009 (mid-size category).

2011 was the first year for Denbury to compete with organizations of 500 or more local employees. Denbury is honored to be considered by its employees as a great place to work.
Job Creation

In 2011 we initiated a process of workforce planning in which each division of Denbury forecasts the specific number of full-time positions it will require to meet its objectives. Denbury hired over 250 employees in 2011.

Intern Program

Interns are a critical part of our hiring strategy. We balance the need for new talent with our ability to provide learning opportunities and mentoring of our interns. In 2012, our plan for technical interns (Petroleum Engineering and Geosciences) includes both field- and corporate-based interns. Our program requires that first-year interns work and train in our field operations and experience our business from the ground up. Interns who do well are invited back the following summer to work and train in corporate assignments. Interns are considered in the future as new positions become available.

Training

Denbury provides employees with many ways to develop their skills and careers. Through training, our employees are offered:

- In-person courses to increase both technical knowledge and soft skills such as communication, management and leadership
- Computer- and web-based training in support of company-wide HSE goals as well as individual employee development
- Tools to support them in planning for and developing their own unique career paths

Core Values

Denbury is committed to operating within a framework of core values that include:

- Integrity
- Teamwork
- Respect
- Excellence
- Innovation

These values are apparent in every facet of Denbury, from personal interactions between employees to decision-making at senior levels. They are the backdrop against which choices are made, both large and small, and are consistently reflected in the actions of individuals, teams and the Company as a whole.
1: Halloween Party
2: Halloween Party
3: Employee Photo Program (Plano)
4: Company Picnic
5: Crawfish Boil
6: Crawfish Boil
Education Assistance Program

Denbury encourages employees to seek additional education or training to increase their current job competence and to prepare for future jobs by offering educational assistance to employees who have been with the Company for at least one year. Denbury reimburses up to 80% for the cost of tuition, enrollment fees and required books.

Equity Granted to All Employees

Denbury’s compensation philosophy includes a desire for all employees to be shareholders of Denbury’s common stock. This aligns the employees’ interests with those of our public shareholders. In addition to granting equity to all new hires, each year, all regular full-time employees receive an annual incentive grant. The grants include deferred cash, stock appreciation rights and restricted stock, which vest over four years.

Wellness Programs

Denbury believes in promoting wellness among our employees and their dependents. Each year, a wellness screening is conducted on-site and is offered to both employees and their spouses. Preventive care (well-woman check-ups, annual physicals, etc.) is paid at 100% under the Denbury health plan for covered employees and dependents. In addition, flu shots are offered on-site and free of charge to employees and their dependents (spouse and children).
LEED Building Program

In 1998, the U.S. Green Building Council (USGBC) established and launched the first Leadership in Energy and Environmental Design (LEED) Pilot Project Program. This program created a rating system to help define and measure “green” buildings. Ratings are based on credits achieved, with a set number of points attached to each credit. These credits are broken down into different categories: Sustainable Sites, Water Efficiency, Energy and Atmosphere, Materials and Resources, Indoor Environmental Quality, Innovation in Design and Regional Priority. The minimum number of points for each credit is one, and the maximum total number of points that can be achieved is 100. The level of certification that can be achieved ranges from Certified to Platinum, based on the number of points earned.

When Denbury was in the early stages of designing our new headquarters at 5320 Legacy Drive, Plano, our commitment to sustainability was evident, and pursuing LEED certification was a top priority. The team working on the design and building of the new headquarters space knew that green building practices not only help reduce negative impacts on the environment but also help reduce operating costs and increase workers’ productivity.

Denbury received LEED certification for Phase I in 2011 and is pending certification on Phase II, which should be attained early next year.
Community Support and Charitable Contributions

Charitable Contributions

Our employees are encouraged to give generously to charitable organizations and educational institutions of their choice, with Denbury supporting their efforts through a matching gifts program.

Denbury and its employees have recently participated in various fundraising programs such as donations to the Salvation Army Christmas Angels, North Texas Food Bank, Susan B. Anthony Golf Tournament, Light the Night Walk: Taking Steps to Cure Cancer, Susan G. Komen Race for the Cure, and Sci-Tech Discovery Center.

Community Support

Denbury actively supports community-based programs and organizations that address educational, cultural and social issues that affect the quality of life in the communities where we work and live. Corporate resources include financial contributions in addition to the coordination of volunteer services by our employees. Our Charitable Contribution Committee awarded over $800,000 to various charitable organizations in 2011.

Significant contributions include:
> North Dakota Flood Relief
> Southwest Mississippi Community College Training Center
> Children’s Medical Center of Dallas
Southwest Mississippi Community College
Southeastern U.S. Regional Training Center

Southwest Mississippi Community College (SMCC), located in Summit, Mississippi, has constructed the Southeastern U.S. Regional Training Center to provide advanced training in industries including oil and gas, emergency medical personnel, public works, law enforcement and virtually any other first responders related to Safety and Health, Disaster Readiness and Homeland Security.

The primary focus of the Southeastern U.S. Regional Training Center is to provide job-specific, 10–40-hour advanced training programs to individuals needing certification prior to their employment; to existing employees needing to enhance their skills; and to employees seeking recertification on training topics/programs for Fire Safety, Hazmat/Hazcom, Confined Space, Rigging, OSHA Compliance, H₂S Safety, Forklift, Search and Rescue, Emergency Medical Technician and First Responder.

The 30,000-square-foot training facility cost approximately $6 million, which was derived from federal funding and combined commitments from the State of Mississippi, private donations, and area businesses and industry, of which Denbury contributed over $50,000.

Denbury continues to support SMCC through contributions and scholarships and the hiring of qualified students.

“Mississippi has been an industry leader in Carbon Dioxide Enhanced Oil Recovery for quite some time. Now that half of our oil comes from CO₂ EOR, we are one of a handful of states where oil production is no longer declining. Mississippi is also a national leader in advanced carbon capture and storage scientific research. All told, the increased oil production, high-wage jobs and new tax revenue derived from these activities have had quite a significant impact on our economy.”

Phil Bryant
Mississippi Governor
WE SINCERELY THANK OUR LOYAL EMPLOYEES, WHOSE EFFORTS, EXPERTISE AND DEDICATION HAVE MADE OUR SUCCESS POSSIBLE. IT IS AN HONOR THAT OUR
EMPLOYEES VOTED US ONE OF THE TOP 100 PLACES TO WORK FOR A THIRD YEAR IN A ROW! TOGETHER, WE SHAPE DENBURY.