Denbury

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CO_2 Enhanced Oil Recovery: Challenges and Opportunities

May 2014

NYSE: DNR
Denbury.com

About Forward-Looking Statements

The data contained in this presentation that are not historical facts are forward-looking statements that involve a number of risks and uncertainties. Such statements may relate to, among other things: long-term strategy; anticipated levels of future dividends and rate of dividend growth; forecasts of capital expenditures, drilling activity and development activities; timing of carbon dioxide (CO_2) injections and initial production response to such tertiary flooding projects; estimated timing of pipeline construction or completion or the cost thereof; dates of completion of to-be-constructed industrial plants and their first date of capture of anthropogenic CO_2; estimates of costs, forecasted production rates or peak production rates and the growth thereof; estimates of hydrocarbon reserve quantities and values, CO_2 reserves, helium reserves, future hydrocarbon prices or assumptions; future cash flows or uses of cash, availability of capital or borrowing capacity; rates of return and overall economics; estimates of potential or recoverable reserves and anticipated production growth rates in our CO_2 models; estimated production and capital expenditures for full-year 2014 and periods beyond; and availability and cost of equipment and services. These forward-looking statements are generally accompanied by words such as “estimated”, “preliminary”, “projected”, “potential”, “anticipated”, “forecasted”, “expected”, “assume” or other words that convey the uncertainty of future events or outcomes. These statements are based on management’s current plans and assumptions and are subject to a number of risks and uncertainties as further outlined in our most recent Form 10-K and Form 10-Q filed with the SEC. Therefore, actual results may differ materially from the expectations, estimates or assumptions expressed in or implied by any forward-looking statement herein made by or on behalf of the Company.

Cautionary Note to U.S. Investors – Current SEC rules regarding oil and gas reserve information allow oil and gas companies to disclose in filings with the SEC not only proved reserves, but also probable and possible reserves that meet the SEC’s definitions of such terms. We disclose only proved reserves in our filings with the SEC. Denbury’s proved reserves as of December 31, 2013 were estimated by DeGolyer & MacNaughton, an independent petroleum engineering firm. In this presentation, we make reference to probable and possible reserves, some of which have been estimated by our independent engineers and some of which have been estimated by Denbury’s internal staff of engineers. In this presentation, we also refer to estimates of original oil in place, resource or reserves “potential”, barrels recoverable, or other descriptions of volumes potentially recoverable, which in addition to reserves generally classifiable as probable and possible (2P and 3P reserves), include estimates of reserves that do not rise to the standards for possible reserves, and which SEC guidelines strictly prohibit us from including in filings with the SEC. These estimates, as well as the estimates of probable and possible reserves, are by their nature more speculative than estimates of proved reserves and are subject to greater uncertainties, and accordingly the likelihood of recovering those reserves is subject to substantially greater risk.

A Different Kind of Oil Company

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Proven Process

- CO_2 EOR is one of the most efficient tertiary oil recovery methods
- 27% compound annual growth rate (CAGR) in our EOR production from 1999 through 2013
- We have produced over 100 million barrels (gross) of oil from CO_2 EOR to date

Unique Strategy

- We acquire mature oil fields and recover their otherwise stranded oil using CO_2
- Competitive advantage: strategic CO_2 supply, over 1,100 miles of CO_2 pipelines and a large inventory of mature oil fields

Return Focused

- Continual focus on improving our cost structure and efficiency
- Prioritize and rank investment opportunities – investing in those with highest returns
- Drive shareholder returns through consistent reserve, production, and dividend growth

Environmentally Responsible

- We store CO_2 captured from industrial facilities, resulting in net carbon reduction
- By developing existing oil fields, we are disturbing fewer new habitats

Denbury at a Glance

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Total 3P Reserves (12/31/13)	~1.25 BBOE
% Oil Production (1Q14)	95%
Total Daily Production – BOE/d (1Q14)	73,718
Proved PV-10 (12/31/13) $96.94 NYMEX Oil Price	$10.6 billion
Market Cap (4/30/14)	~$5.9 billion
Total Debt (3/31/14)	$3.5 billion
CO_2 Supply 3P Reserves (12/31/13)	~17 Tcf
CO_2 Pipelines Operated or Controlled	~1,100 miles
Credit Facility Availability (3/31/14)	~$988 million
Anticipated Annual Dividend per Share	2014E - $0.25 2015E - $0.50-$0.60

Core Focus: CO_2 EOR

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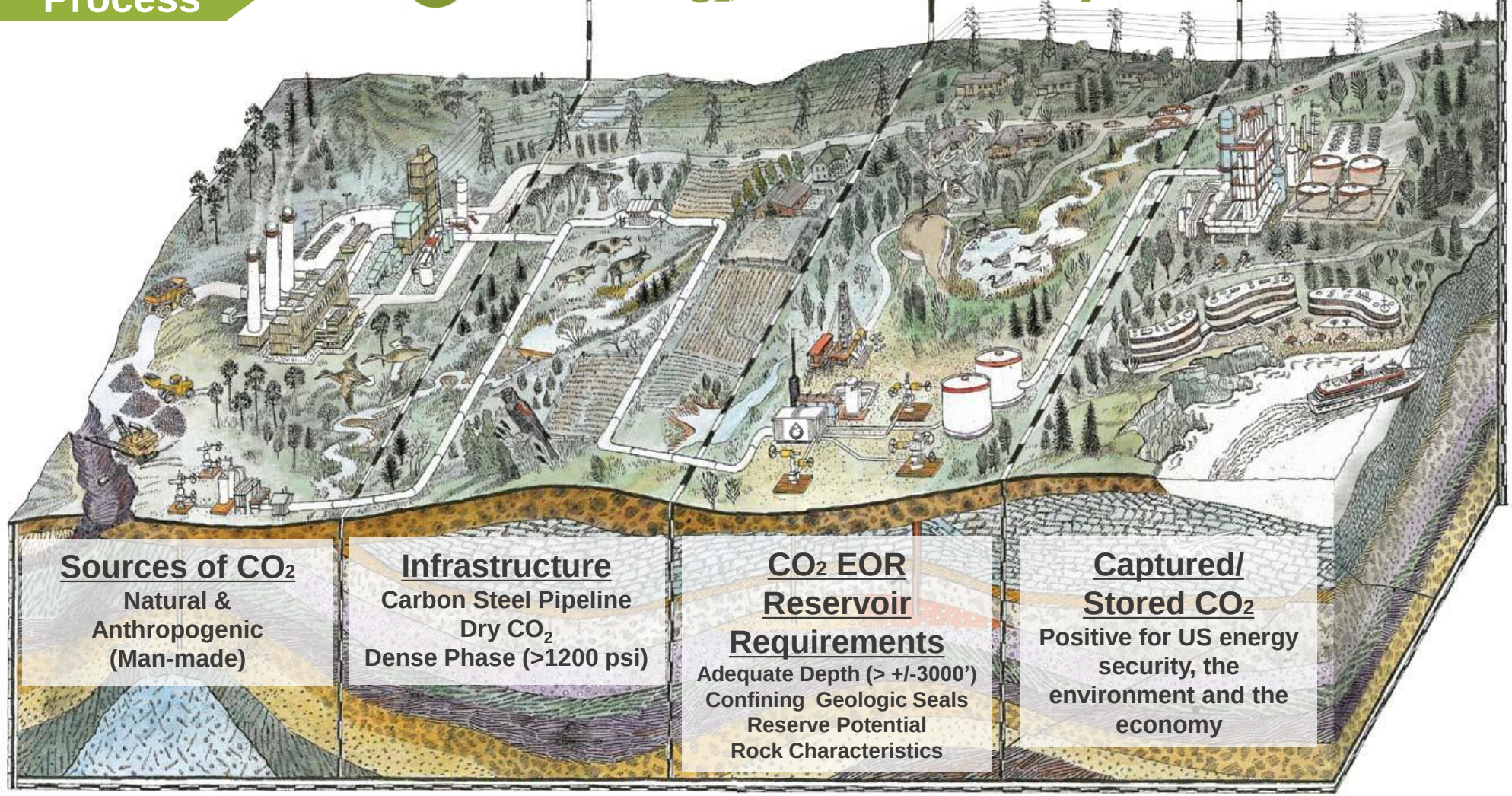
CO_2 EOR Process

Secure CO_2 Supply	Transport via Pipeline	Inject into Oilfield	Capture & Store CO_2



Sources of CO_2
Natural & Anthropogenic (Man-made)

Infrastructure
Carbon Steel Pipeline
Dry CO_2
Dense Phase (>1200 psi)

CO_2 EOR Reservoir Requirements
Adequate Depth (> +/-3000')
Confining Geologic Seals
Reserve Potential
Rock Characteristics

Captured/ Stored CO_2
Positive for US energy security, the environment and the economy

History

CO_2 has been successfully injected since the 1970's in West Texas.

Underground natural gas storage facilities:

- Have been in operation since 1915 (Canada)
- According to the Energy Information Administration (EIA), as of 2000 there was 3.899 Trillion cubic feet (Tcf) of working gas storage capacity in the United States

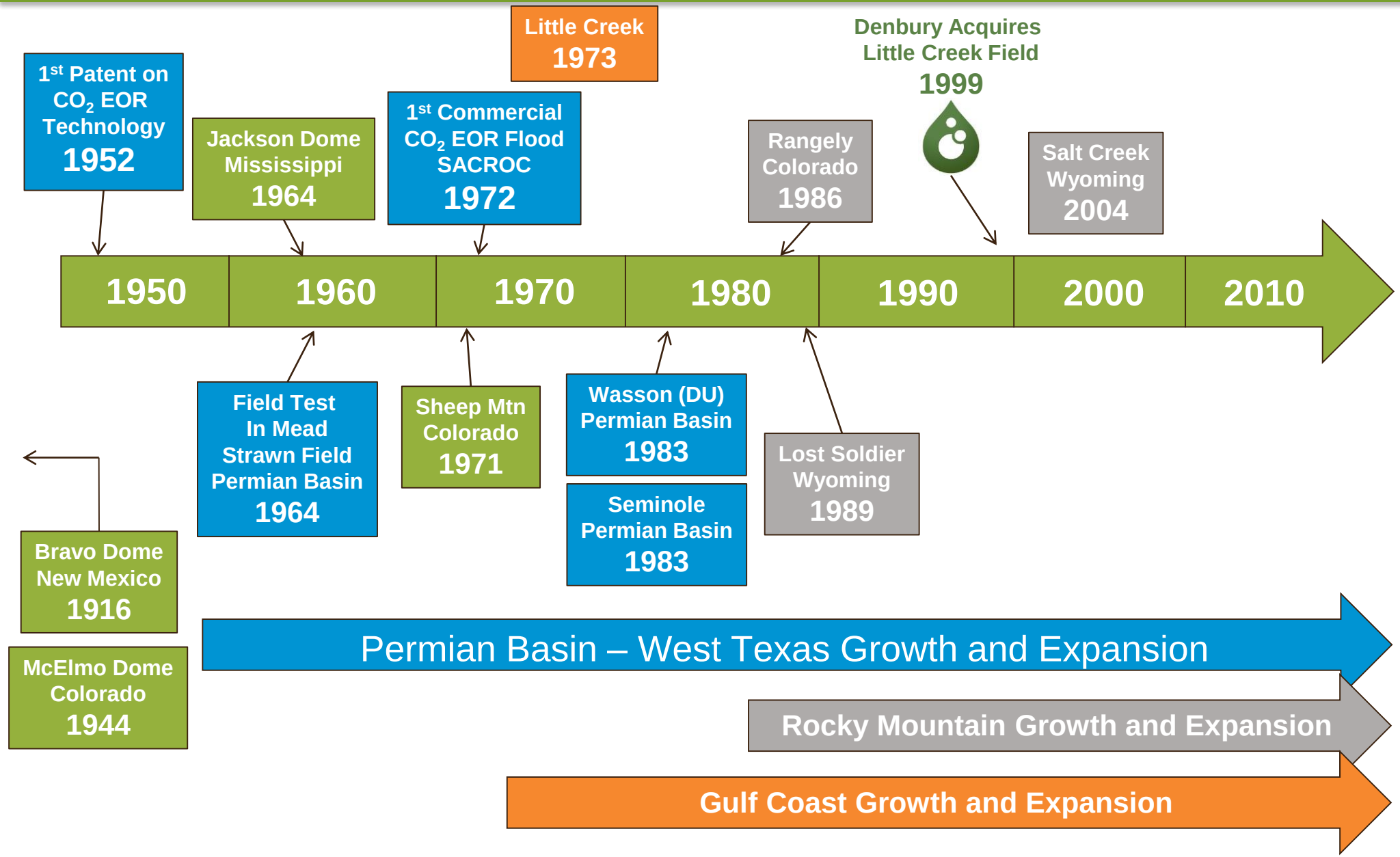
EOR CO_2 injection wells:

- EOR regulated under the SDWA UIC Program as Class II wells
- Sequestration regulated under SDWA UIC Program as Class VI

CO_2 pipelines:

- Regulated for safety by US DOT or possibly state agency, if intrastate

CO_2 EOR – A Brief History



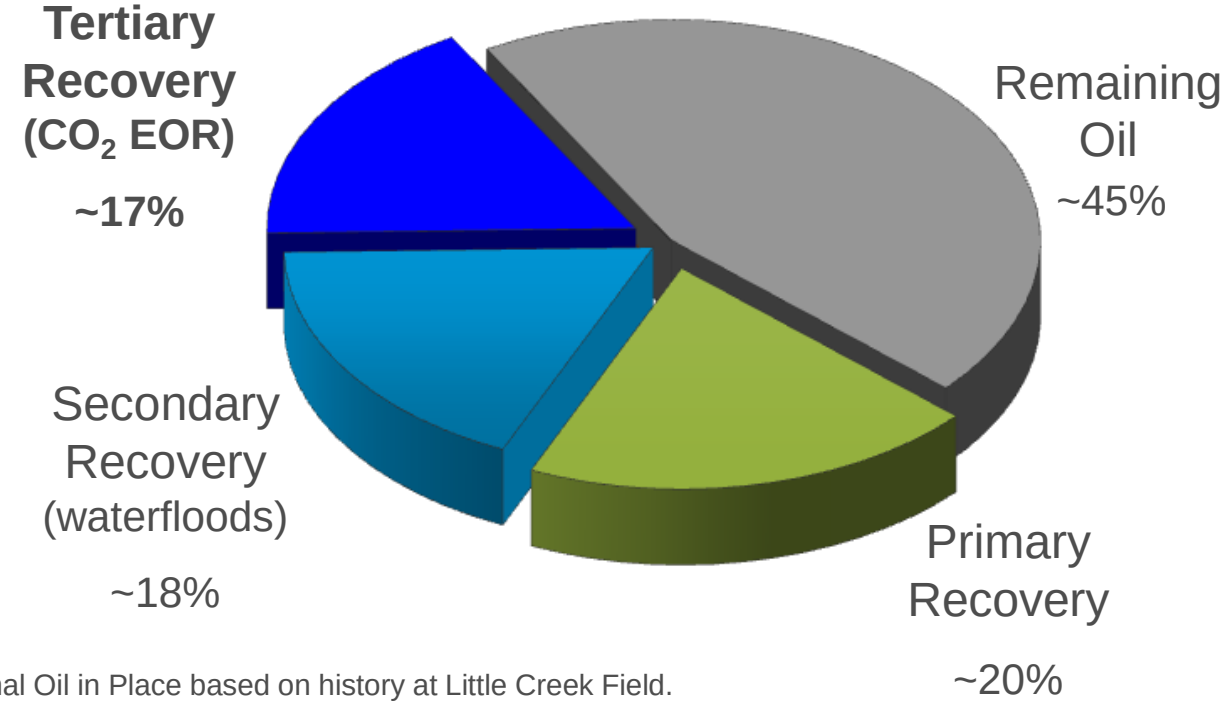
What is CO_2 EOR & How Much Oil Does It Recover?

Secure CO_2 Supply

Transport via Pipeline

Inject into Oilfield

CO_2 EOR Delivers Almost as Much Production as Primary and Secondary Recovery[1]

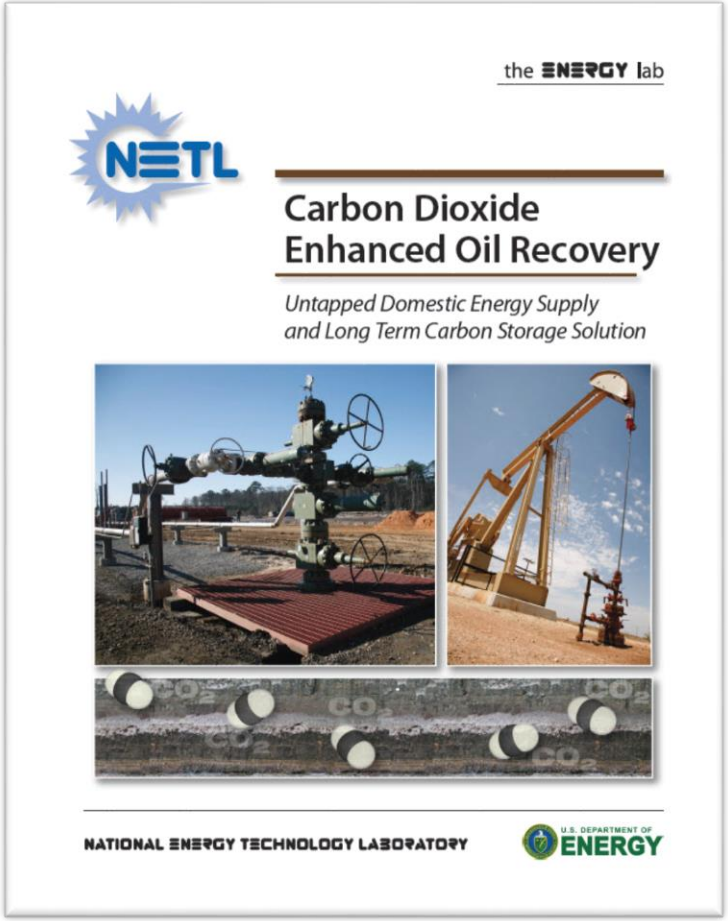


(1) Recovery of Original Oil in Place based on history at Little Creek Field.

CO_2 EOR Potential – 2008 & 2011 Reports

2008 - DOE/NETL Report

- "CO_2 enhanced oil recovery (CO_2 EOR) offers the potential for storing significant volumes of carbon dioxide emissions while increasing domestic oil production"
- Next generation technology offers potential for recovering more stranded oil and storing significantly more CO_2



2011 - DOE/NETL Report

- "Next Generation" CO_2 EOR can provide 137 billion barrels of additional technically recoverable domestic oil, with about half (67 billion barrels) economically recoverable at an oil price of $85 per barrel. Technical CO_2 storage capacity offered by CO_2 EOR would equal 45 billion metric tons.
- The market for captured CO_2 emissions from power plants created by economically feasible CO_2 EOR projects would be sufficient to permanently store the CO_2 emissions from 93 large one GW size coal-fired power plants operated for 30 years.

Our Two CO_2 EOR Target Areas: Up to 10 Billion Barrels Recoverable with CO_2 EOR[1]

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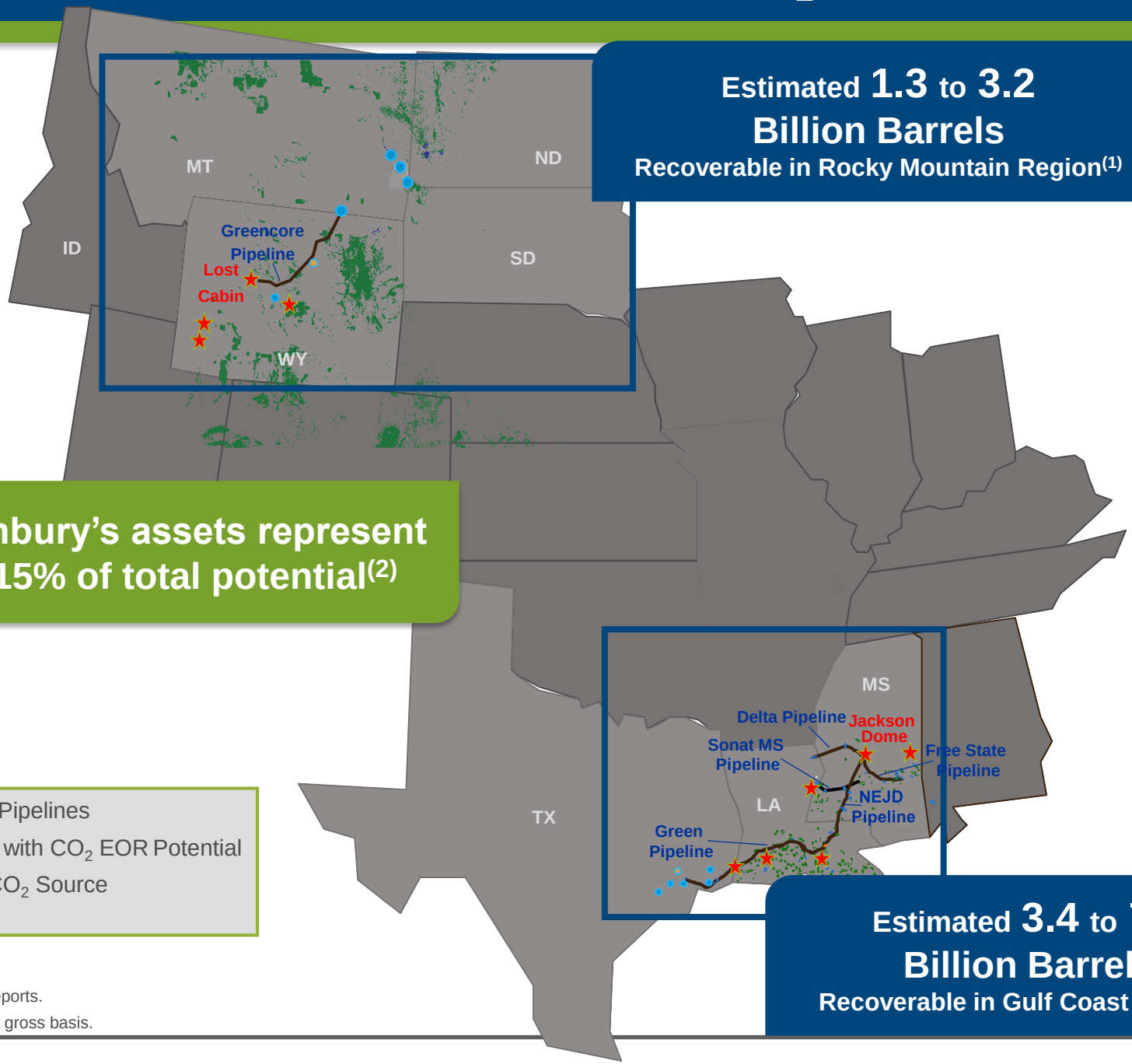

Estimated 1.3 to 3.2 Billion Barrels
Recoverable in Rocky Mountain Region[1]

Denbury's assets represent ~15% of total potential[2]

Estimated 3.4 to 7.5 Billion Barrels
Recoverable in Gulf Coast Region[1]

- Existing Denbury CO_2 Pipelines
- Denbury owned Fields with CO_2 EOR Potential
- Existing or Proposed CO_2 Source Owned or Contracted

(1) Source: DOE 2005 and 2006 reports.
(2) Total estimated recoveries on a gross basis.

CO_2 EOR in Gulf Coast Region

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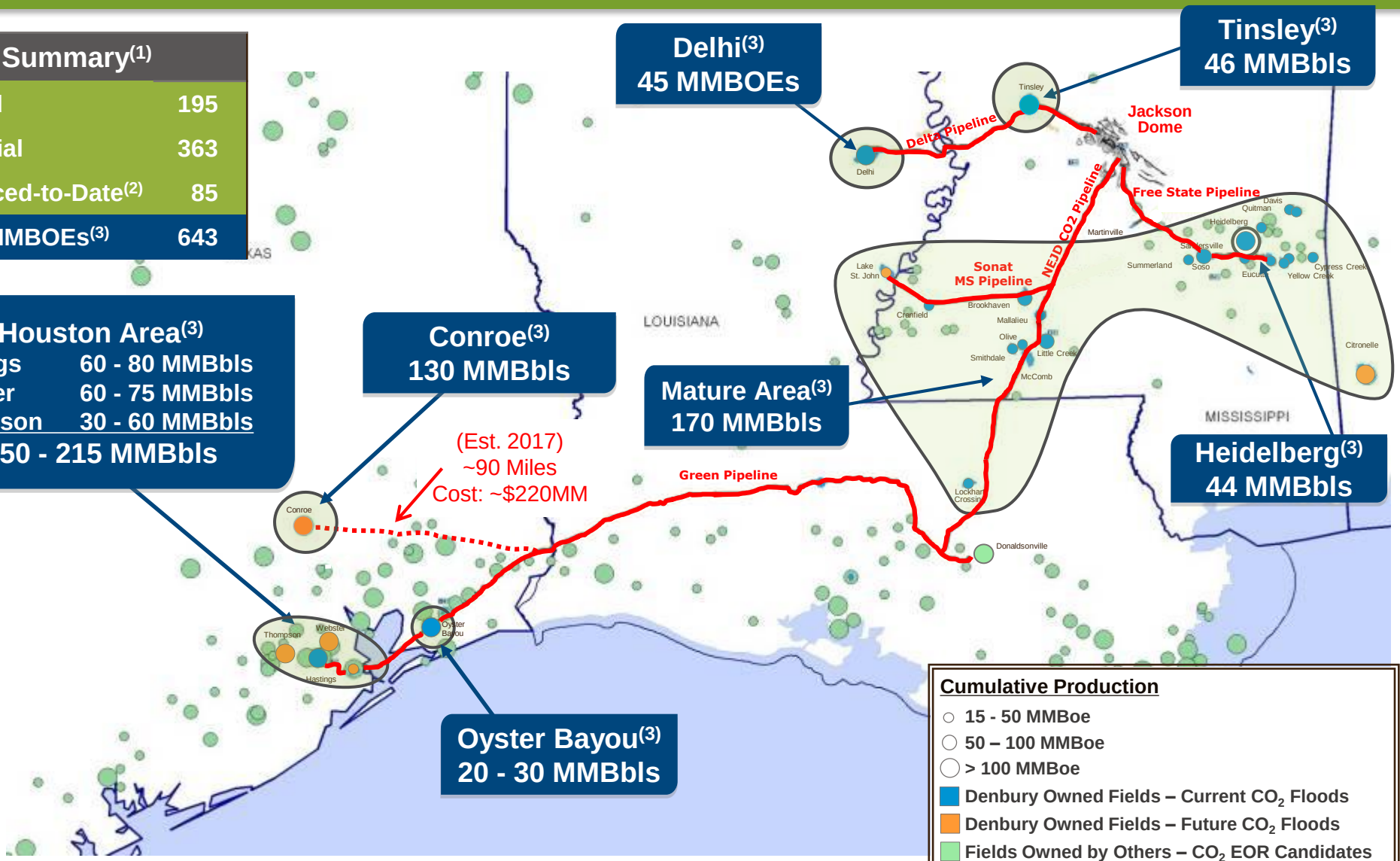
Summary[1]	
Proved	195
Potential	363
Produced-to-Date[2]	85
Total MMBOEs[3]	643

Houston Area[3]

Hastings	60 - 80 MMBbls
Webster	60 - 75 MMBbls
Thompson	30 - 60 MMBbls
	150 - 215 MMBbls



Cumulative Production

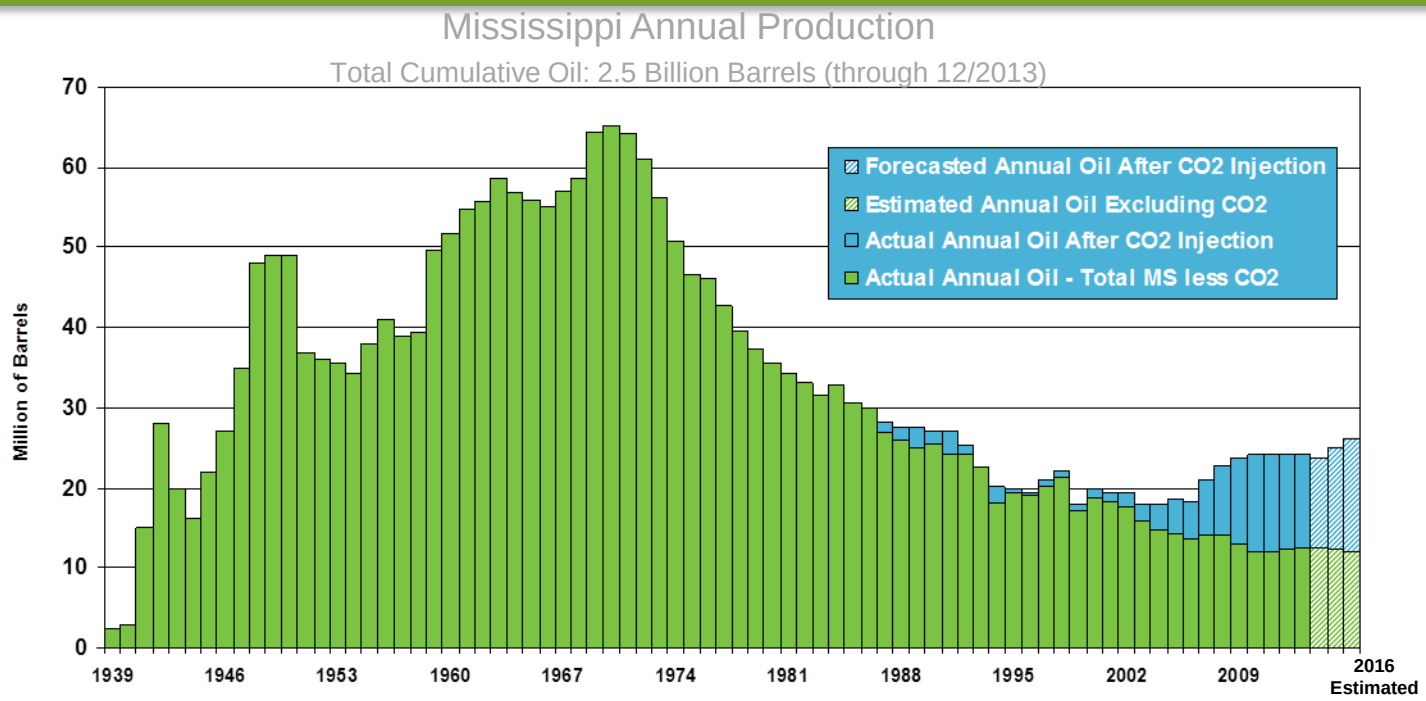
- 15 - 50 MMBoe
- 50 – 100 MMBoe
- > 100 MMBoe
- Denbury Owned Fields – Current CO_2 Floods
- Denbury Owned Fields – Future CO_2 Floods
- Fields Owned by Others – CO_2 EOR Candidates

Pipelines

- Denbury Operated Pipelines
- Denbury Proposed Pipelines

(1) Proved tertiary oil reserves based on year-end 12/31/13 SEC proved reserves. Potential includes probable and possible tertiary reserves estimated by the Company as of 12/31/13, using mid-point of ranges, based on a variety of recovery factors.
(2) Produced-to-Date is cumulative tertiary production through 12/31/13.
(3) Field reserves shown are estimated total potential tertiary reserves, including cumulative tertiary production through 12/31/13.

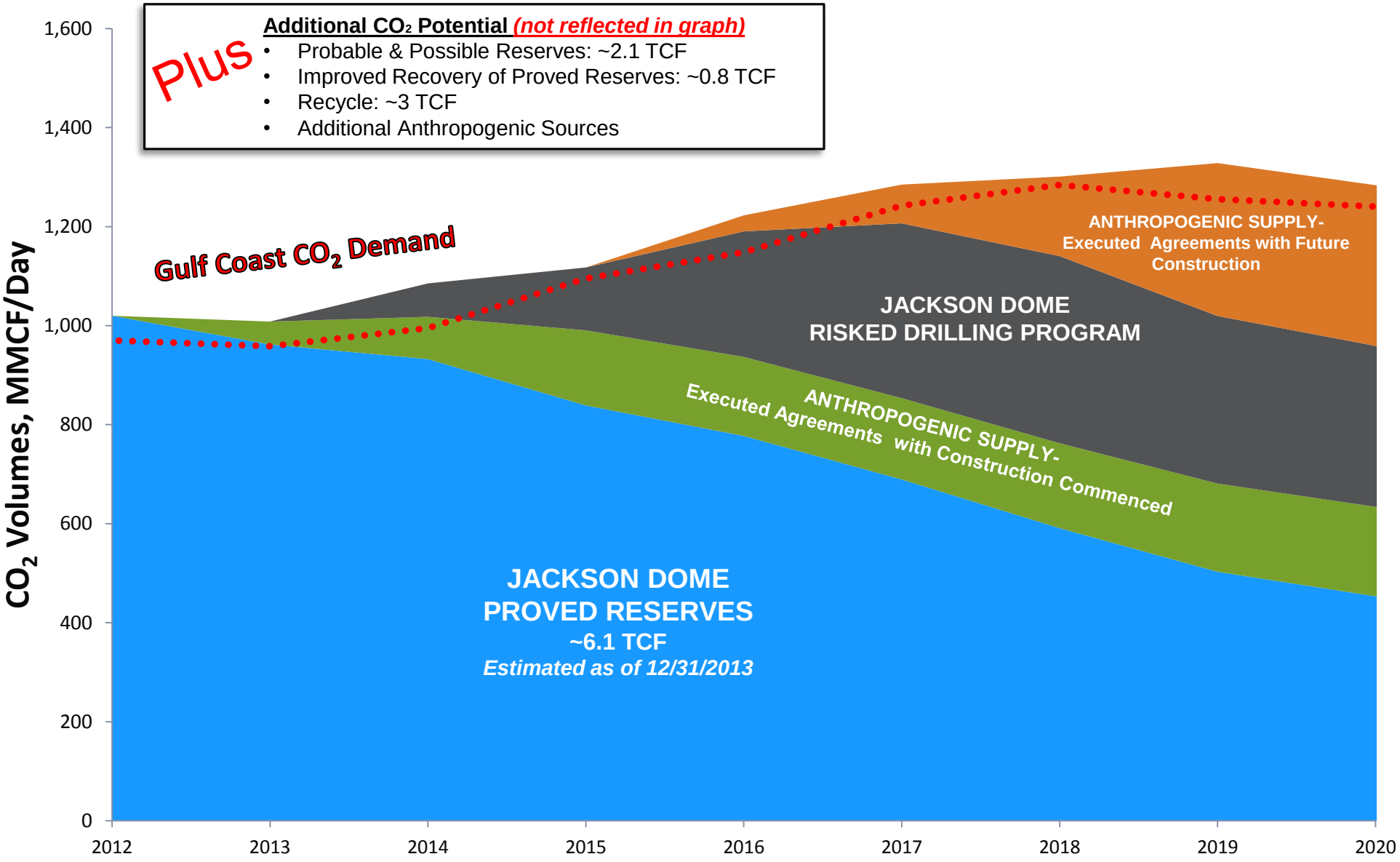
EOR is Win-Win for States & Industry



CO_2 EOR Has increased Mississippi Oil Production

- Creates jobs and improves the local economies in which we operate
- Provides a promising method to safely sequester industrial CO_2 emissions
- Helps reduce our nation's need for imported oil
- From 2006 to 2013, total oil production in Mississippi has increased ~24% and CO_2 oil production has increased from 26% to 48% of total Mississippi oil production.
- From 2006 to 2013, CO_2 EOR grew an average of 11% annually.

CO_2 Supply to Support Gulf Coast Growth



Note: Forecast based on internal management estimates and includes fields currently owned. Actual results may vary.

Gulf Coast Industrial Partners

Currently Producing or Pending Startup

Air Products
- Port Arthur, Texas
- Hydrogen Plant
- Producing Since: 1Q 2013
- Quantity: ~50 MMcf/d

PCS Nitrogen
- Geismar, Louisiana
- Ammonia Products
- Producing Since: 2Q 2013
- Quantity: ~20 MMcf/d

Mississippi Power (Pending Startup)
- Kemper County, MS
- Gasifier
- Estimated Capture Date: ~2014/2015
- Quantity: ~115 MMcf/d

Future Construction (currently planned or proposed)

Lake Charles Cogeneration
- Lake Charles, Louisiana
- Petroleum Coke to Methanol Plant
- Estimated Capture Date: ~2018
- Quantity: >200 MMcf/d

Other Plants
- Near Green Pipeline
- Estimated Capture Date: ~2016
- Quantity: ~85 MMcf/d

CO_2 EOR in Rocky Mountain Region

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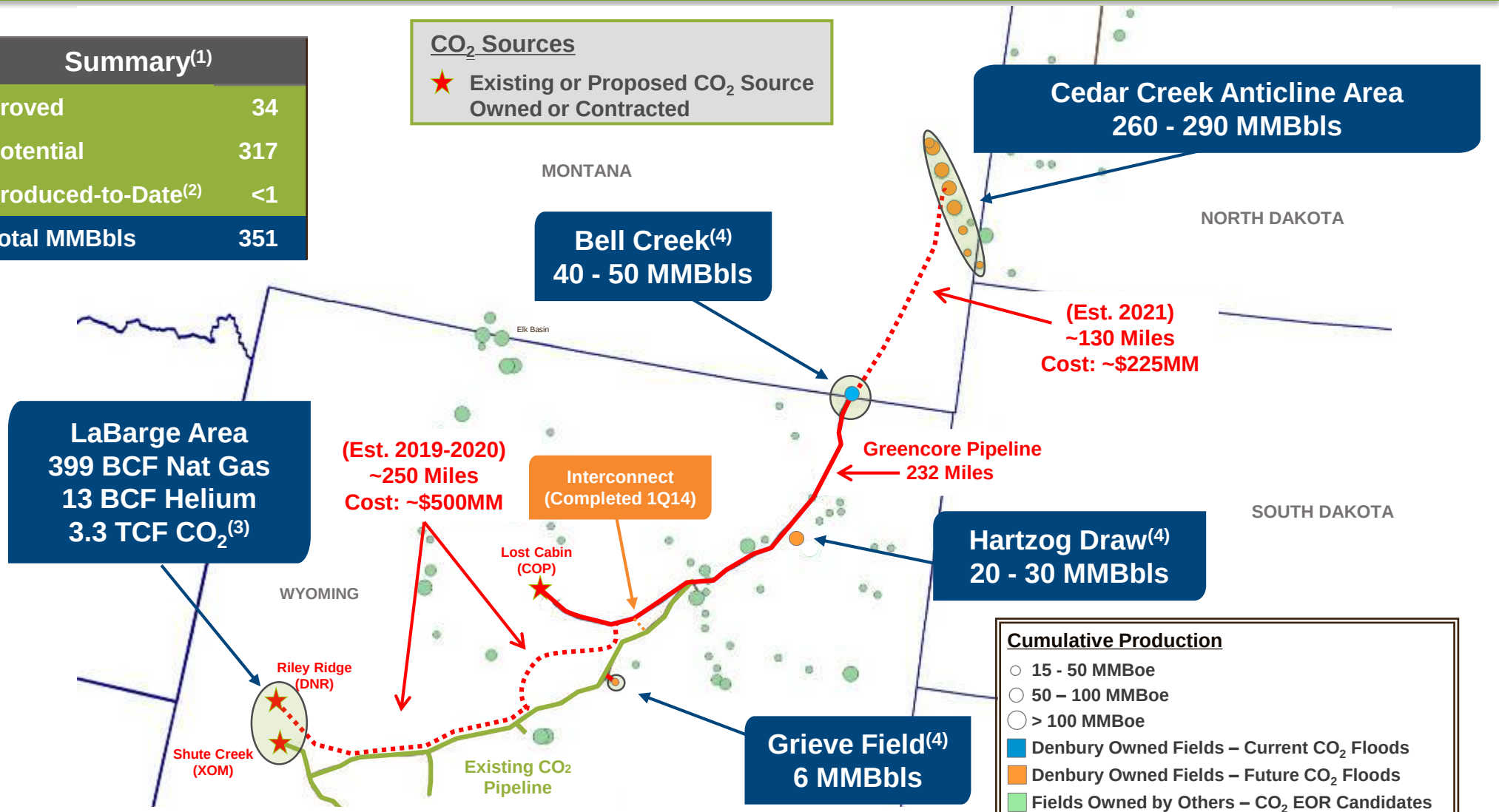
Summary[1]	
Proved	34
Potential	317
Produced-to-Date[2]	<1
Total MMBbls	351



(1) Proved tertiary oil reserves based on year-end 12/31/13 SEC proved reserves. Potential includes probable and possible tertiary reserves estimated by the Company as of 12/31/13, using approximate mid-points of ranges, based on a variety of recovery factors.
(2) Produced-to-Date is cumulative tertiary production through 12/31/13.
(3) Reported on a gross working interest or 8/8th's basis, except for overriding royalty interest in LaBarge Field.
(4) Field reserves shown are estimated total potential tertiary reserves, including cumulative tertiary production through 12/31/13.

CO_2 Supply to Support Rocky Mountain Growth

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LaBarge Area

- Estimated Field Size: 750 Square Miles
- Estimated 100 TCF of CO_2 Recoverable

Riley Ridge – Denbury Operated

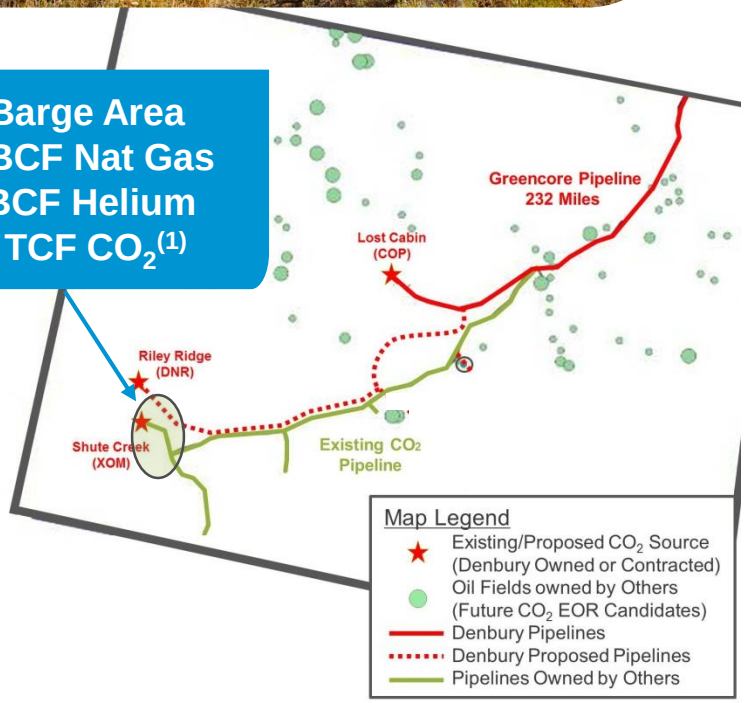
- Successfully placed in service in 4Q13
- 100% WI in 9,700 acre Riley Ridge Federal Unit
- 33% WI in ~28,000 acre Horseshoe Unit
- Estimated 2.0 TCF CO_2 proved reserves(1)

Shute Creek – XOM Operated

- 1/3 overriding royalty ownership interest in XOM's CO_2 reserves
- Based on XOM's current plant capacity and availability, Denbury could receive up to ~115 MMcf/d of CO_2 from the plant
- Estimated 1.3 TCF CO_2 proved reserves(1)

Composition of Produced Gas Stream:
~65% CO_2; 18%-20% Natural Gas; <1% Helium, and various other gases

LaBarge Area
399 BCF Nat Gas
13 BCF Helium
3.3 TCF CO_2(1)



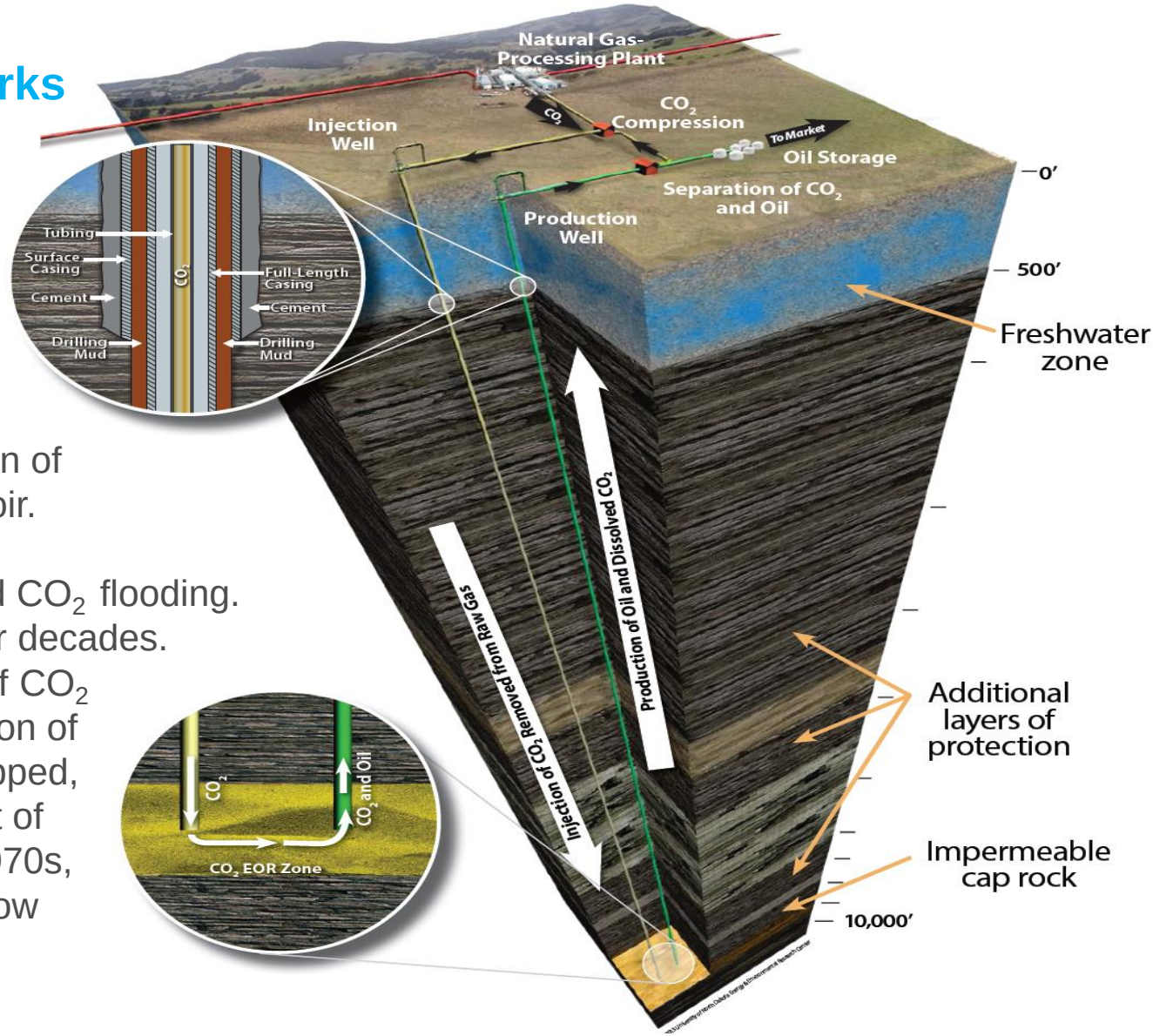
(1) Reported on a gross working interest or 8/8th's basis, except for overriding royalty interest in LaBarge Field.

CO_2 EOR Storage

How CO2 EOR to Storage Works

When CO_2 comes into contact with oil, a significant portion of the CO_2 dissolves into the oil, reducing oil viscosity and increasing its mobility. This, combined with the increased pressure, can result in increased oil production rates, as well as an extension of the operational lifetime of the oil reservoir.

In an oil field, this EOR method is called CO_2 flooding. CO_2 floods are designed to be active for decades. Over the years there are many cycles of CO_2 injection. With each cycle, another portion of injected CO_2 becomes permanently trapped, or stored, in the oil reservoir. As a result of ongoing CO_2 EOR projects since the 1970s, hundreds of millions of tons of CO_2 is now permanently stored in oil fields.



Federal Regulation of CO_2

- Federal Government has determined that carbon dioxide (CO_2) is a pollutant under the Clean Air Act
- The oil industry utilizes CO_2 as a commodity for Enhanced Oil Recovery (EOR)
- Proposed Federal CO_2 controls for new coal fired power plants would transfer EOR fields from state regulation to EPA
- Long-term CO_2 storage is associated with CO_2 EOR mineral production operations
- Conflicting objectives of resource conservation (State) and waste disposal (Federal)
- Mississippi CO_2 Sequestration Law provides mechanism for recognition of associated sequestration in unitized EOR projects whereby such projects could be validated by the MOGB as “storing” CO_2 in a closed system
- Texas Railroad Commission Certification of Geologic Storage of Anthropogenic Carbon Dioxide Incidental to Enhanced Recovery of Oil, Gas or Geothermal Resources are the most specific requirements for certification of permanent storage in the nation

New Source Performance Standards (NSPS)

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EPA proposes NSPS rule that relies on CCS as the "best system of emission reduction" of CO_2 emissions

- Conflicting objectives of resource conservation and waste disposal
  - Subpart RR will transform EOR operations from resource recovery operations to waste disposal operations.
- Subpart RR compliance will conflict with state mandates to conserve natural resources, prevent waste and protect correlative rights.
  - Classifying CO_2 as a waste will preclude future, timely access to any future technologies and access to the remaining oil at the end of EOR operations.
- Subpart RR reporting is a vehicle for litigation and substantive regulation under the yet undefined Monitoring, Reporting and Verification (MRV) plans.
  - CO_2 injected as a waste will require the operator to obtain approvals by the EPA for a MRV plan. The MRV plans are open for public comment, debate and litigation.
  - The EPA will control MRV plans, not the oil operator or the developer of the generating project.

Corporate Information

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