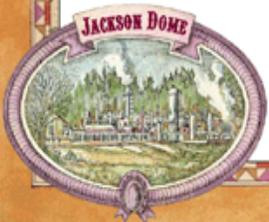




Table of Contents

- I. Corporate Overview**
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- IV. Current Presence**
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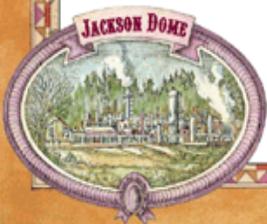


Company Snapshot

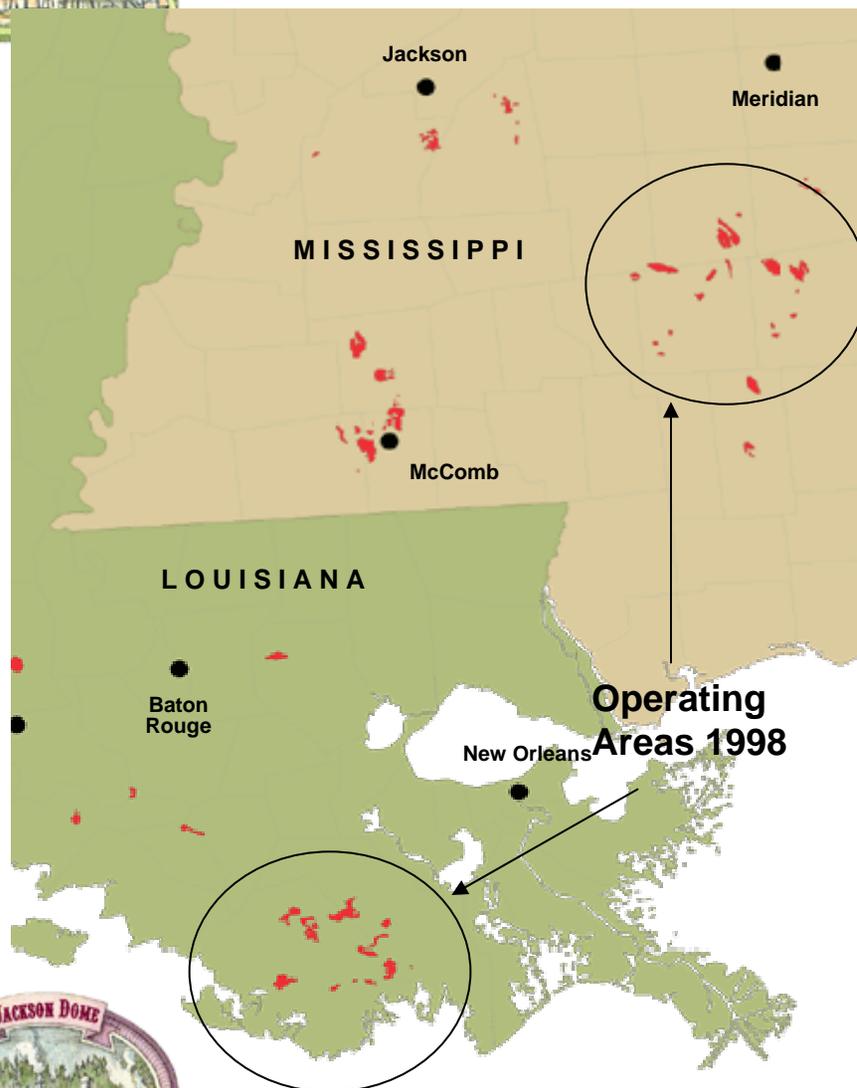


- ▶ **Market Cap (7/31/05):**
 - **Approx. \$2.7 Billion**
- ▶ **Proved Reserves (12/31/04):**
 - **129.4 Million BOE – (55% Developed)**
(101 MMBbls Oil / 168 Bcf Gas)
- ▶ **Production (2Q05):**
 - **30,469 BOE per Day**
- ▶ **Production Profile (2Q05):**
 - **Approx. 68% Oil / 32% Gas**
- ▶ **Total Debt (7/31/05):**
 - **\$245 Million***
- ▶ **Unused Bank Borrowing Base (7/31/05):**
 - **\$180 Million**

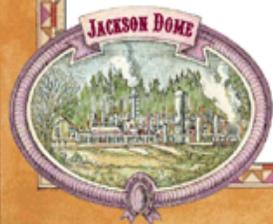
* Excludes approximately \$7 million of capital leases.

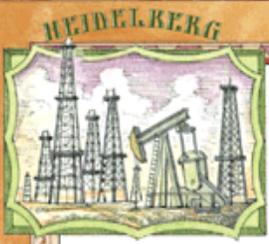


Historical Perspective

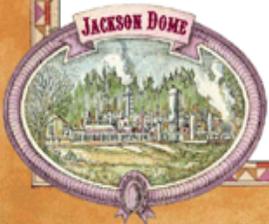


- ▶ Denbury was Founded in 1990
- ▶ Acquisition and Exploitation Company
 - Goal – Double the Reserves Acquired
- ▶ Geological Focus on Exploiting What Others had Left Behind
- ▶ Major Oil Companies were Exiting MS
- ▶ Acquisition Opportunities were Plentiful
- ▶ Acquisitions were Funded with Debt and then Subsequently the Debt was Repaid by Issuing Equity
- ▶ Reserves Grew from Essentially Nothing in 1990 to almost 65 MMBoes at 12/31/97
 - 27+ MMBoes Attributed to Heidelberg Field which was Purchased on 12/31/97
 - Then 1998 Occurred!!!
 - Year End Reserves were 36+ MMBOes
 - Oil Price - Averaged \$7.40/Bbl net to field





Beginnings of CO₂





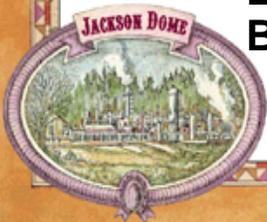
Beginnings of CO₂.....



- ▶ **Company Financial Strategy Changed**
 - Live within Cash Flow for Operations
 - Acquisitions were still plentiful
 - Equity Markets were all but Closed to Oil and Gas Companies

- ▶ **Cash Flow was Significantly Low due to Oil Prices**
 - No Employees were Laid-Off
 - Began Studying all of our Assets
 - Re-discovered some CO₂ Studies and CO₂ Pilot Projects that had been Performed in our East MS Assets
 - Began Looking for Ways to Develop this Potential
 - CO₂ Source was 90 miles Away

- ▶ **Several Years Earlier DRI Reviewed a CO₂ Flood Acquisition**
 - Active CO₂ Flood in West MS
 - Acquired Little Creek Field
 - Educate Ourselves on an Active Flood Prior to Spending the Capital to Build a 90 Mile Pipeline.



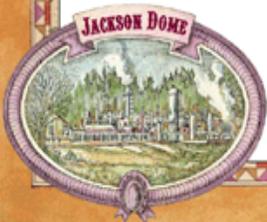


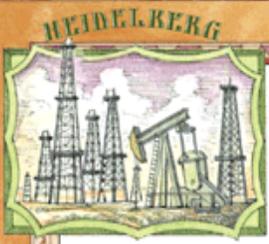
Beginnings of CO₂.....



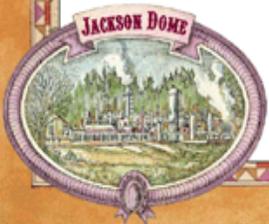
► Why CO₂?

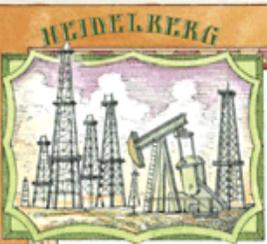
- **Low Risk Profile**
 - Millions of Barrels of Oil had Already Been Produced From Prospective Fields
- **Applicable to Many of the Fields DRI Already Owned and Operated**
- **Essentially No Competition for CO₂ Assets**
- **Large Volume of CO₂ Available**





Current Presence

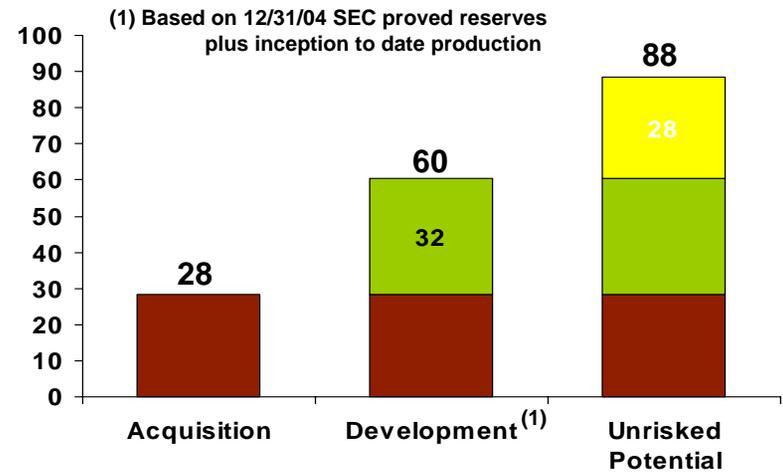




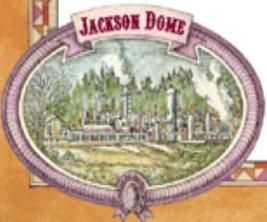
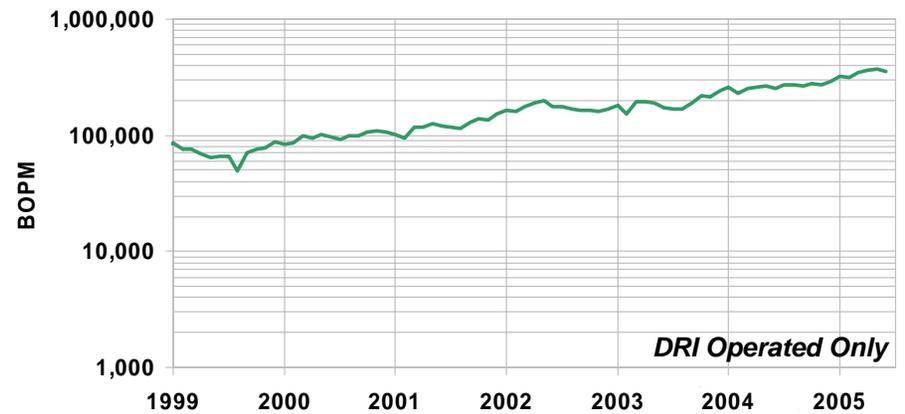
Southwest Mississippi CO₂



Reserve Growth (MMBOE)



Gross Oil Production





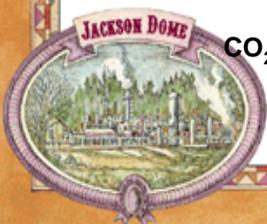
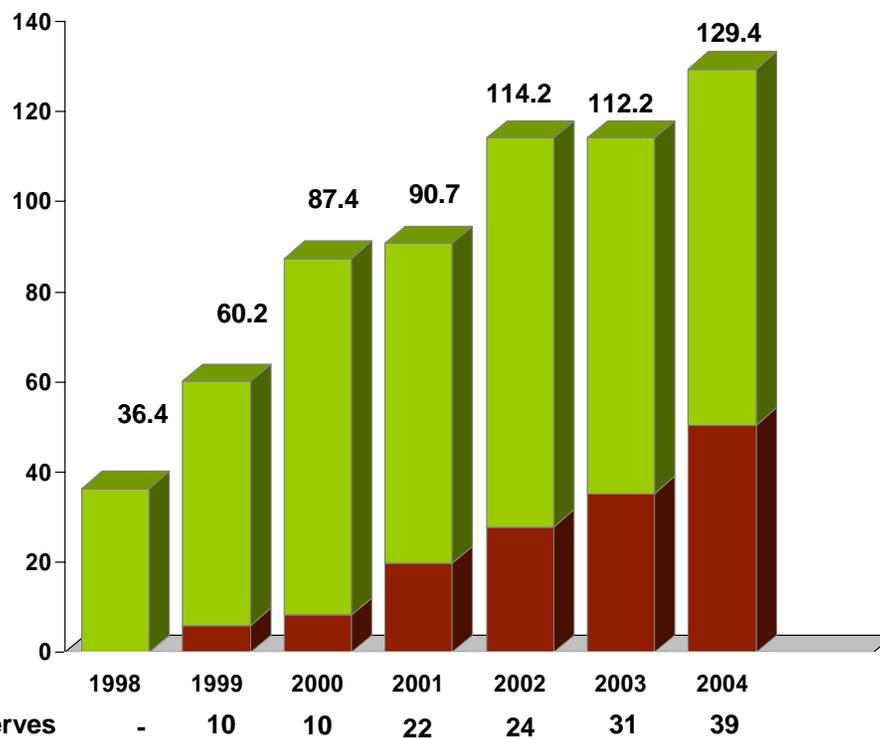
Proved Reserves (SEC Pricing)

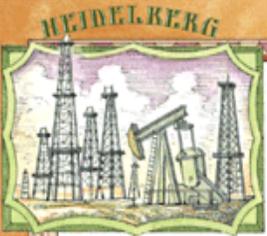
Excludes All Historical Offshore

Net Proved Reserves (MMBOE)

■ CO2

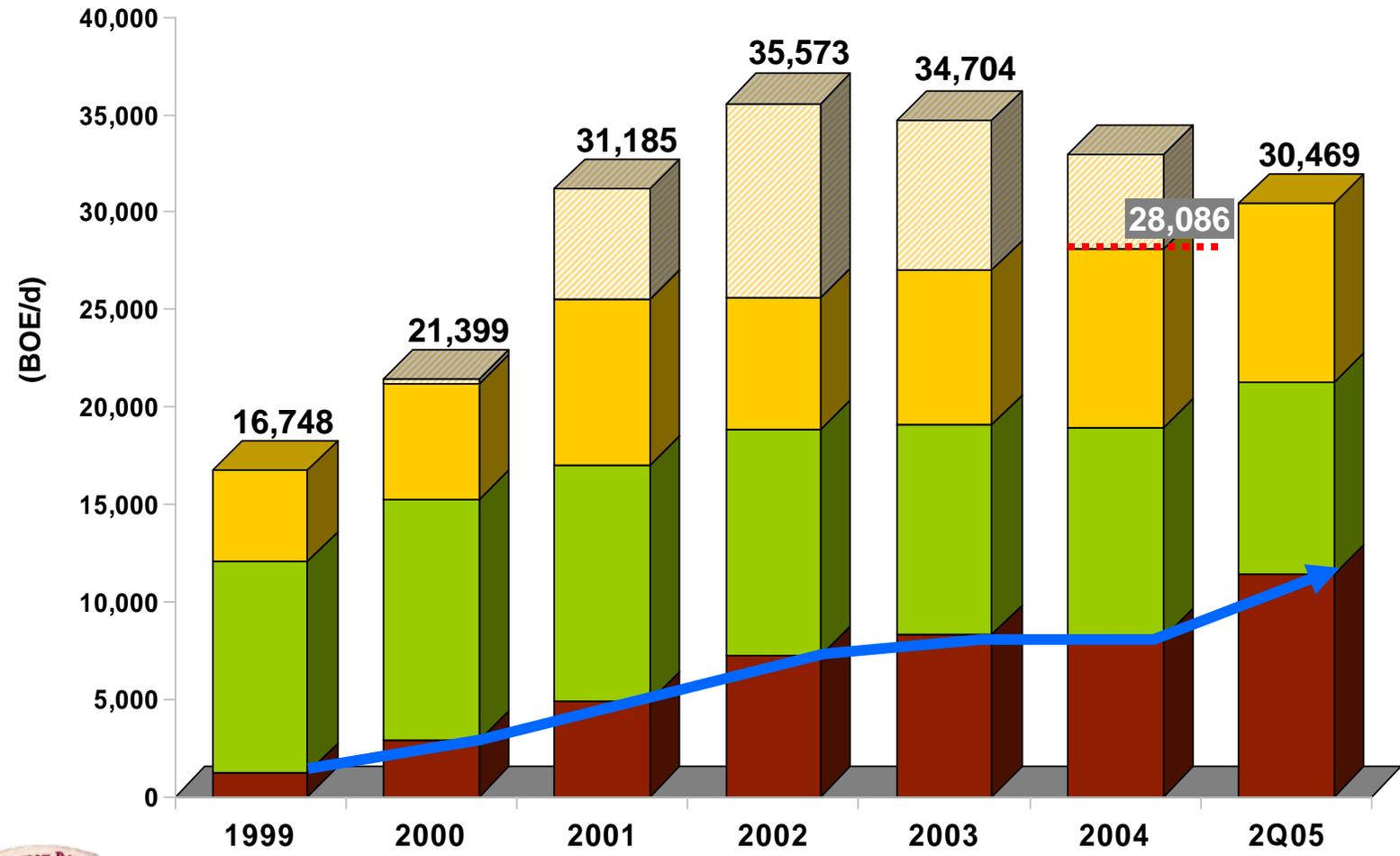
■ Non-CO2





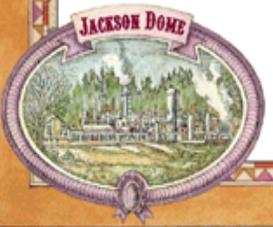
Average Daily Production

■ Sweet (1) ■ Heavy or Sour ■ Natural Gas ■ Offshore - Sold 7/04



(1) Defined as less than \$2.00 NYMEX variance

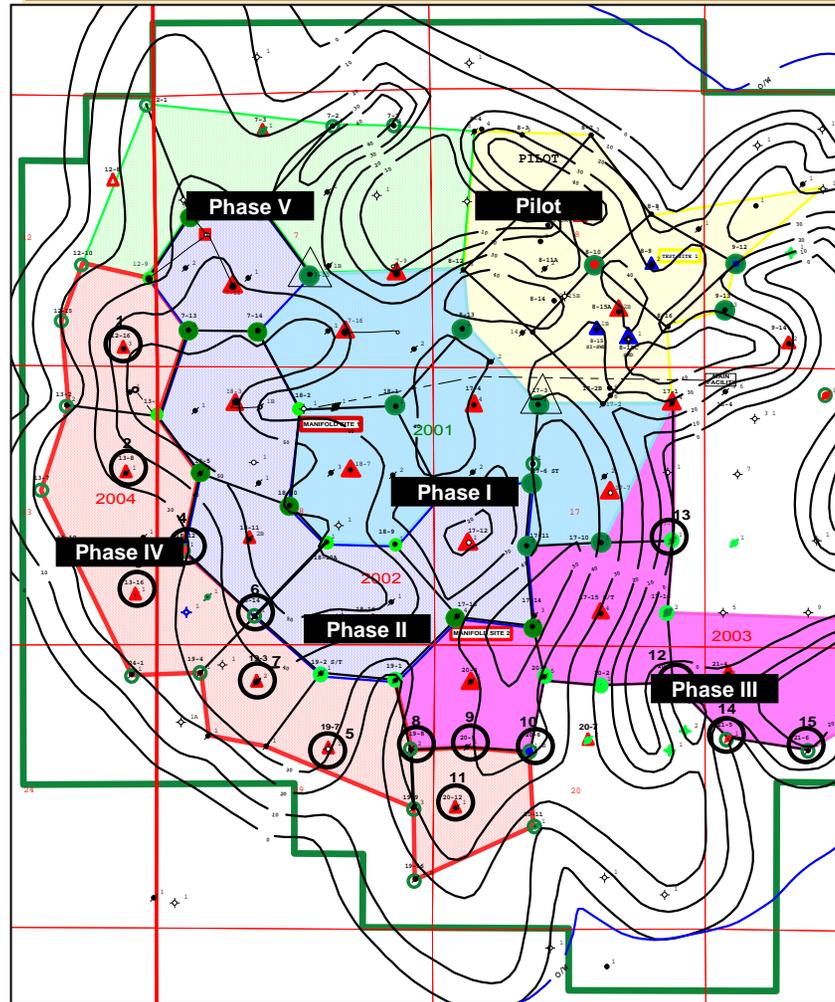
**Increasing Volumes of Light Sweet Oil
from Tertiary CO₂ Flooding**





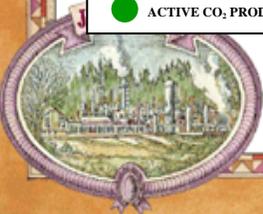
Mallalieu, West Field

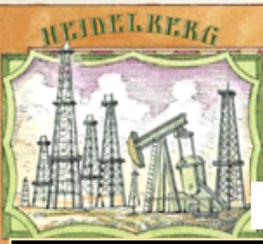
Mallalieu, West Unit: 3,574 Acres



LEGEND

- ▲ WATER INJECTOR WELL
- ▲ ACTIVE CO₂ INJECTOR WELLS
- ACTIVE CO₂ PRODUCERS





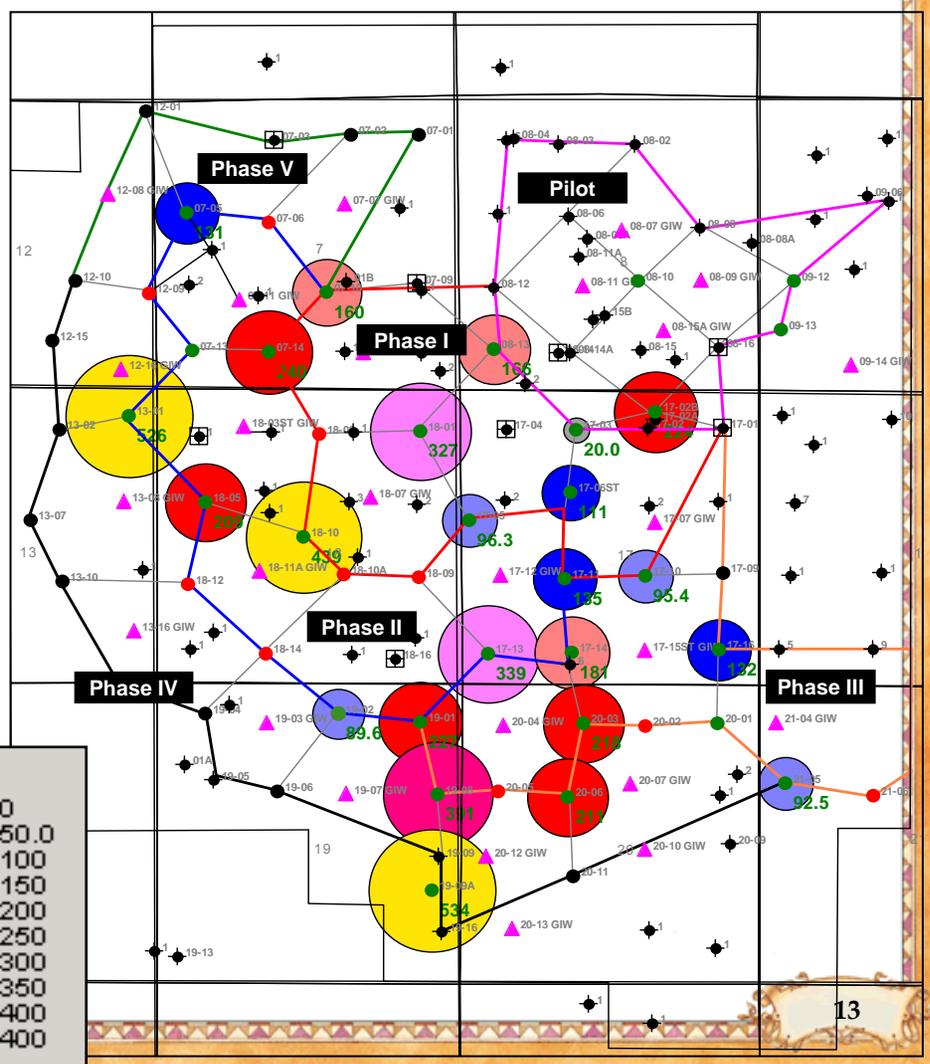
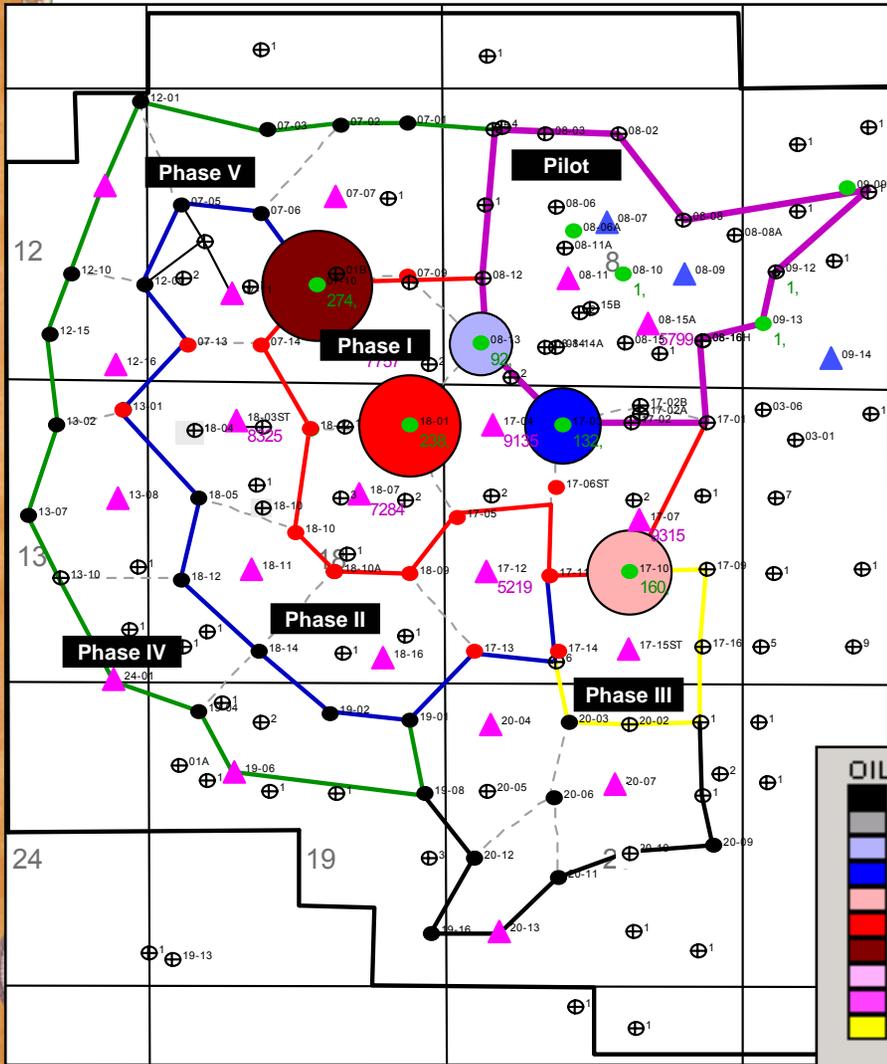
Mallalieu, West Field



● PDP ● PNP ● PUD ⊕ DPL/P&A ▲ CO₂ Injection ▲ WTR Injection

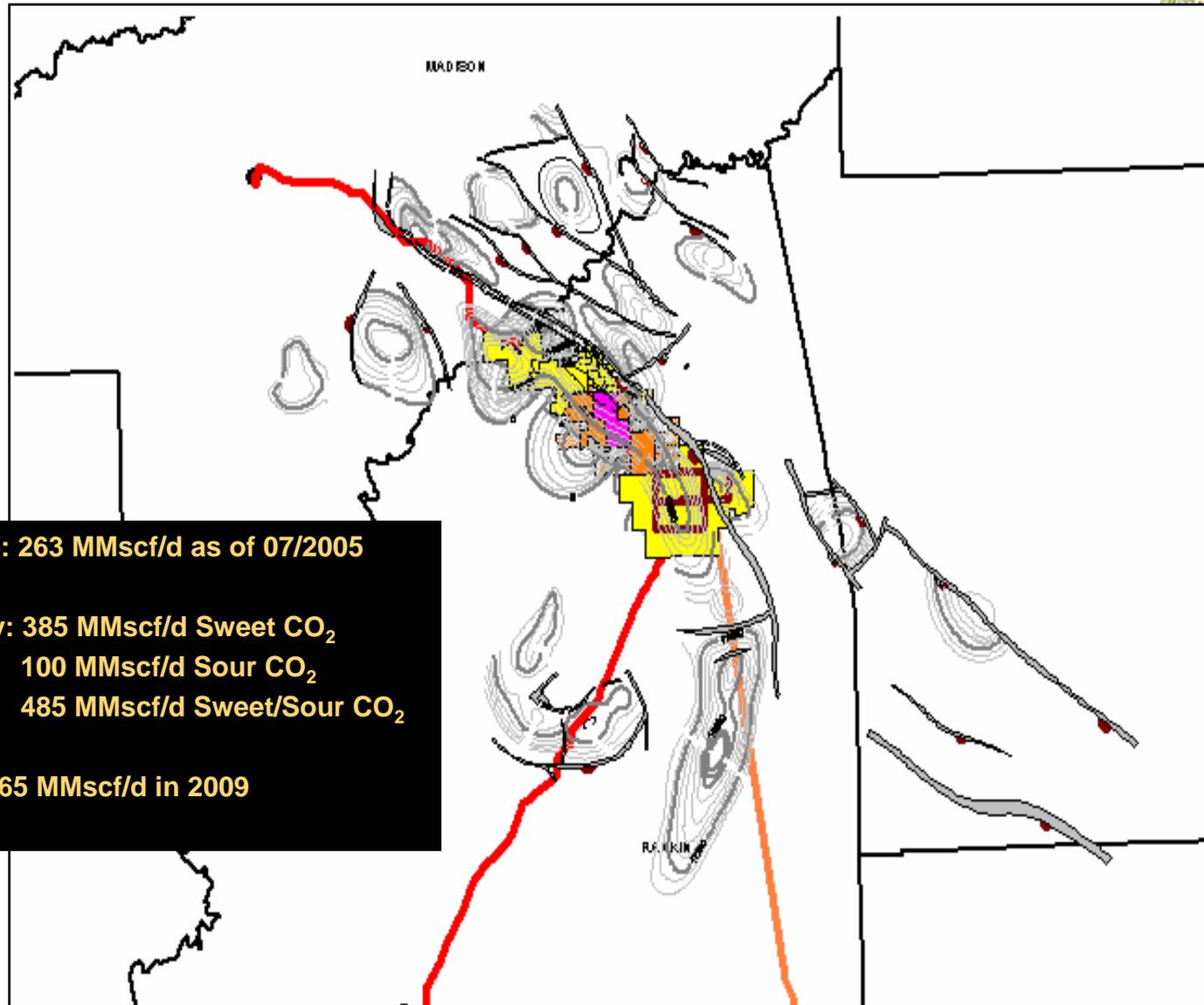
As of 12/31/02: 899 BOPD

As of 07/18/05: 5,295 BOPD





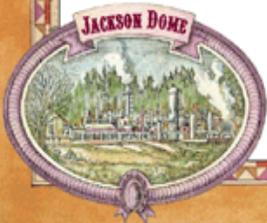
Jackson Dome (CO₂ Source)

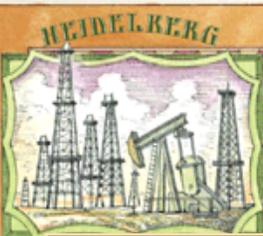


Current Rate: 263 MMscf/d as of 07/2005

**Deliverability: 385 MMscf/d Sweet CO₂
100 MMscf/d Sour CO₂
485 MMscf/d Sweet/Sour CO₂**

Peak Rate: 665 MMscf/d in 2009

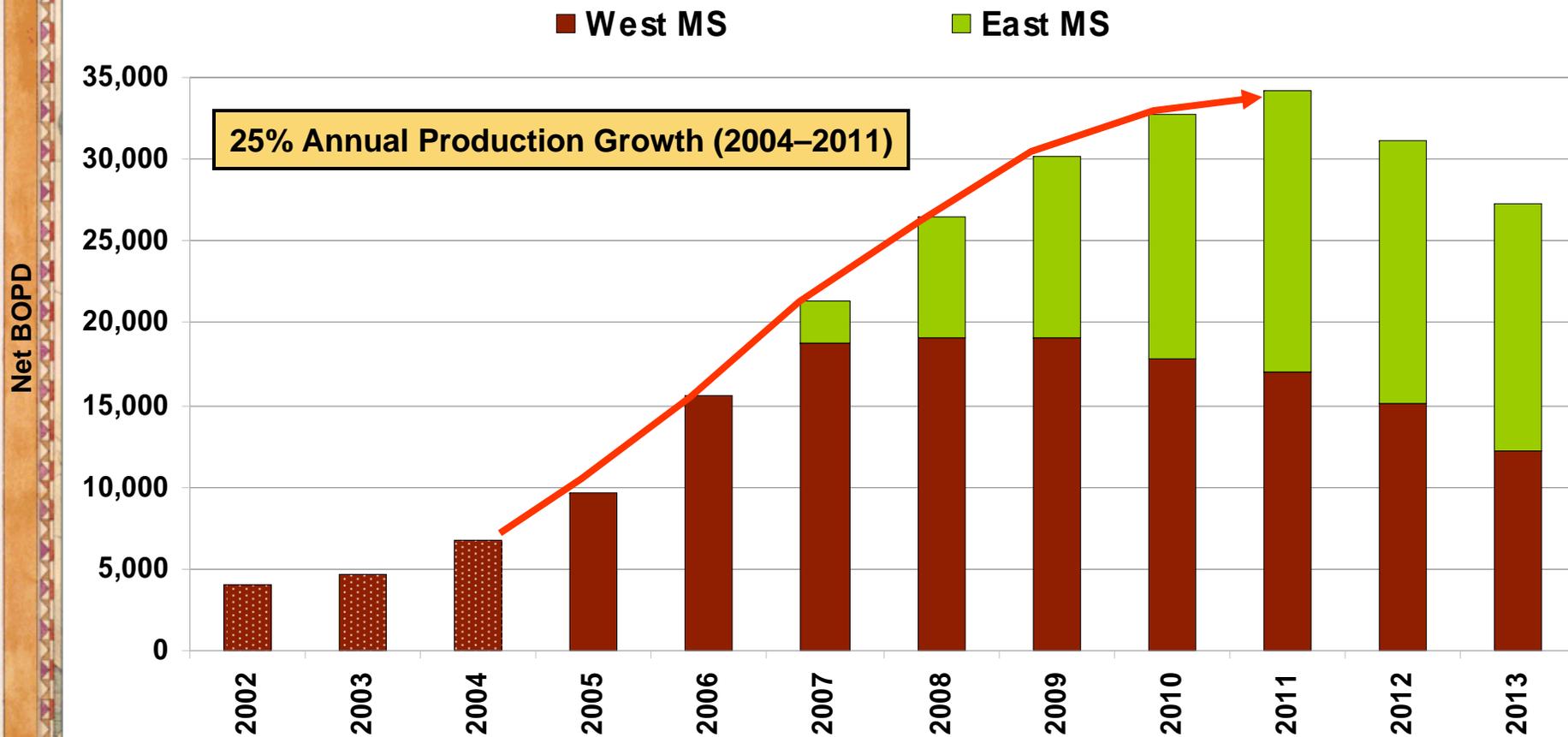




CO₂ Business Model – Phases 1 & 2

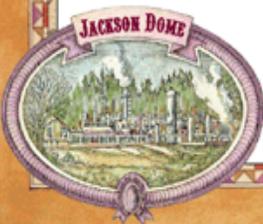


Projected Net Oil Production



Note: Forecast based on internal management estimates. Actual results may vary.

**Combined Phases Yield Predictable
Growth Thru 2011**



HEIDELBERG



BROOKHAVEN

The Future

JACKSON DOME





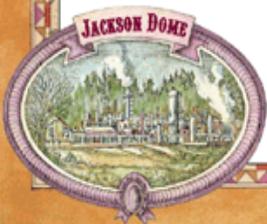
Future CO₂ Projects

Estimated Recoverable Reserves from CO₂-EOR

Region	No. of Reservoirs	Estimated Recoverable (MMBbls)
Louisiana	128	1,430 – 3,240
Mississippi	17	150 – 330
Texas (District 3)	54	1,020 – 2,290
Total	199	2,600 – 5,860

Source: U.S. Department of Energy report dated March 2005 –
“Basin Oriented Strategies for CO₂ Enhanced Oil Recovery: Onshore Gulf Coast”.

Potential Expansion Throughout Gulf Coast Region





Current CO₂ Sources & Pipelines



Rockies
 5 Fields – Additional 2 Proposed (Anadarko)
 19,520 Gross Bbls/d
 Operators: Exxon/Chevron/Merit
 CO₂ Source: Natural/Manufacturing

CO₂ to Canada

Great Plains Coal Gasification Plant

Mid-Continent
 4 Fields
 9,800 Gross Bbls/d
 Operators: Exxon/Anadarko/Chaparral
 CO₂ Source: Manufacturing

LeBarge

McElmo Dome

Sheep Mountain

Bravo Dome

Ammonia Plant

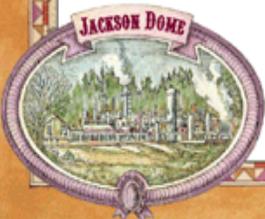
Jackson Dome

Permian Basin
 42 Fields
 155,000 Gross Bbls/d
 Operator: Multiple (16)
 CO₂ Source: Natural

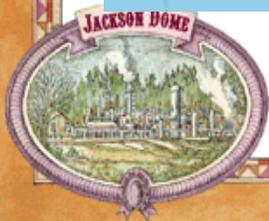
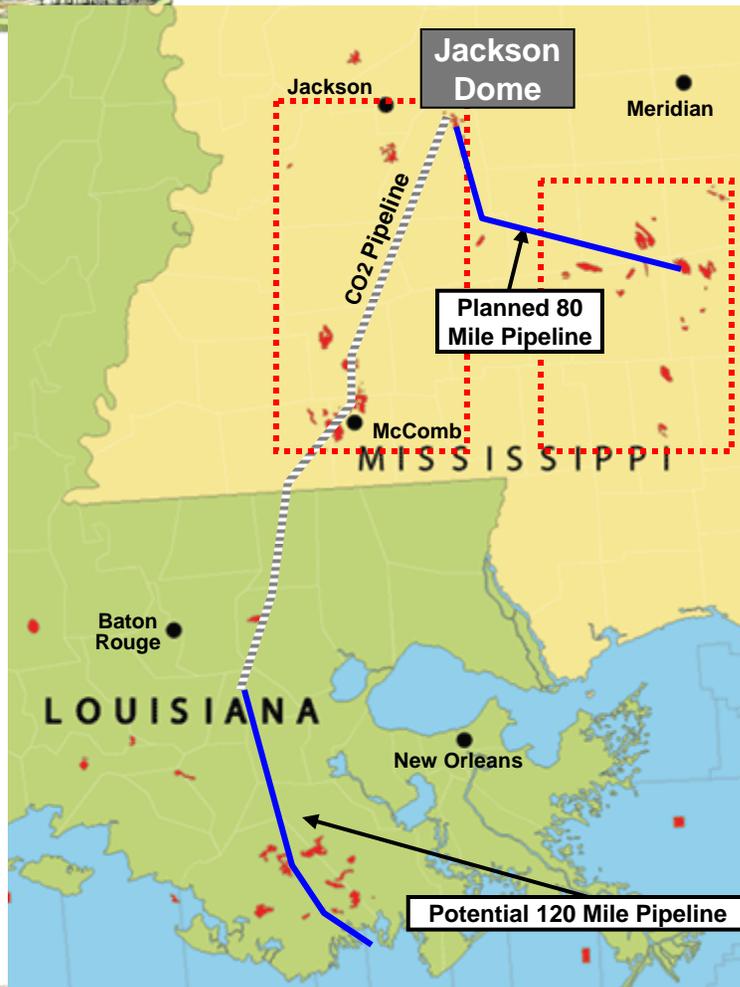
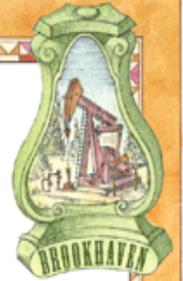
Gas Plants

Eastern Gulf Coast
 3 Fields
 12,000 Gross Bbls/d
 Operator: Denbury
 CO₂ Source: Natural

Prolific Natural Sources of CO₂ are Associated with Volcanic Activity and are Very Rare



The Future....



► South Louisiana

■ Positives

- Great Reservoirs
- Light Sweet Crude
- Tax Relief is Available

■ Negatives

- Majority of Reservoirs are in water locations (higher costs)
- No Distribution Network
- Most Likely CO₂ Source will be Industrial Waste
- Net Revenue Interest are low compared to other basins
- State Tax on Oil is 12.5% which is twice what most states collect

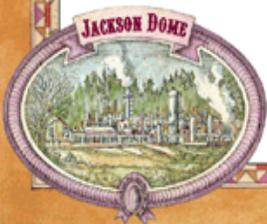


The Future....

- ▶ **Other Areas**
 - Essentially all Depletion Drive Oil Reservoirs are CO₂ Candidates

- ▶ **Where is the CO₂ going to come from?**
 - **Naturally Occurring Sources**
 - New Mexico, Arizona
 - **Anthropogenic Sources**
 - Refineries
 - Separation from Conventional Gas Reservoirs, LaBarge
 - Power Plants, CO₂ Fired
 - Chemical Plants
 - Synthetic Fuel Sources

- ▶ **The Sources are Available**
 - Cost of Recovery?
 - Cost of Distribution?





Questions or Comments

