

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

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

*For the quarterly period ended March 31, 2015*

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-12935



**DENBURY RESOURCES INC.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of incorporation or organization)*

**5320 Legacy Drive,  
Plano, TX**

*(Address of principal executive offices)*

**20-0467835**

*(I.R.S. Employer Identification No.)*

**75024**

*(Zip Code)*

Registrant's telephone number, including area code:

**(972) 673-2000**

**Not applicable**

*(Former name, former address and former fiscal year, if changed since last report)*

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

*(Do not check if a smaller reporting company)*

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<b>Class</b>	<b>Outstanding at April 30, 2015</b>
Common Stock, \$.001 par value	356,932,779

Denbury Resources Inc.

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## PART I. FINANCIAL INFORMATION

**Item 1. Financial Statements**

**Denbury Resources Inc.**  
**Unaudited Condensed Consolidated Balance Sheets**  
(In thousands, except par value and share data)

	March 31, 2015	December 31, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 6,021	\$ 23,153
Accrued production receivable	148,125	181,761
Trade and other receivables, net	139,904	156,955
Derivative assets	421,702	440,359
Deferred tax assets	42,268	—
Other current assets	10,634	10,452
<b>Total current assets</b>	<b>768,654</b>	<b>812,680</b>
<b>Property and equipment</b>		
Oil and natural gas properties (using full cost accounting)		
Proved properties	9,873,513	9,782,337
Unevaluated properties	933,566	918,406
CO <sub>2</sub> properties	1,171,815	1,162,538
Pipelines and plants	2,272,184	2,269,564
Other property and equipment	465,886	468,051
Less accumulated depletion, depreciation, amortization and impairment	(4,536,890)	(4,248,652)
<b>Net property and equipment</b>	<b>10,180,074</b>	<b>10,352,244</b>
Derivative assets	19,456	66,187
Goodwill	1,283,590	1,283,590
Other assets	216,282	213,101
<b>Total assets</b>	<b>\$ 12,468,056</b>	<b>\$ 12,727,802</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 234,541	\$ 394,758
Oil and gas production payable	110,454	128,170
Deferred tax liabilities	—	81,727
Current maturities of long-term debt	36,679	35,470
<b>Total current liabilities</b>	<b>381,674</b>	<b>640,125</b>
<b>Long-term liabilities</b>		
Long-term debt, net of current portion	3,596,085	3,535,900
Asset retirement obligations	128,599	126,411
Deferred tax liabilities	2,752,857	2,694,842
Other liabilities	25,360	26,668
<b>Total long-term liabilities</b>	<b>6,502,901</b>	<b>6,383,821</b>
<b>Commitments and contingencies (Note 6)</b>		
<b>Stockholders' equity</b>		
Preferred stock, \$.001 par value, 25,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$.001 par value, 600,000,000 shares authorized; 415,665,644 and 411,779,911 shares issued, respectively	416	412
Paid-in capital in excess of par	3,238,914	3,230,418
Retained earnings	3,262,508	3,392,465
Accumulated other comprehensive loss	(192)	(209)
Treasury stock, at cost, 58,651,623 and 58,415,507 shares, respectively	(918,165)	(919,230)
<b>Total stockholders' equity</b>	<b>5,583,481</b>	<b>5,703,856</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 12,468,056</b>	<b>\$ 12,727,802</b>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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**Denbury Resources Inc.**  
**Unaudited Condensed Consolidated Statements of Operations**  
(In thousands, except per share data)

	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Revenues and other income</b>		
Oil, natural gas, and related product sales	\$ 297,470	\$ 623,846
CO <sub>2</sub> and helium sales and transportation fees	6,972	10,761
Interest income and other income	3,207	7,137
Total revenues and other income	<u>307,649</u>	<u>641,744</u>
<b>Expenses</b>		
Lease operating expenses	141,084	170,379
Marketing and plant operating expenses	11,685	16,786
CO <sub>2</sub> and helium discovery and operating expenses	947	5,205
Taxes other than income	26,679	45,945
General and administrative expenses	46,280	43,693
Interest, net of amounts capitalized of \$8,409 and \$5,756, respectively	40,099	48,834
Depletion, depreciation, and amortization	149,958	141,130
Commodity derivatives expense (income)	(83,076)	76,669
Write-down of oil and natural gas properties	146,200	—
Total expenses	<u>479,856</u>	<u>548,641</u>
<b>Income (loss) before income taxes</b>	<u>(172,207)</u>	<u>93,103</u>
Income tax provision (benefit)	(64,461)	34,793
<b>Net income (loss)</b>	<u>\$ (107,746)</u>	<u>\$ 58,310</u>
<b>Net income (loss) per common share</b>		
Basic	\$ (0.31)	\$ 0.17
Diluted	\$ (0.31)	\$ 0.17
<b>Dividends declared per common share</b>	\$ 0.0625	\$ 0.0625
<b>Weighted average common shares outstanding</b>		
Basic	350,688	350,747
Diluted	350,688	352,925

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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**Denbury Resources Inc.**  
**Unaudited Condensed Consolidated Statements of Comprehensive Operations**  
(In thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Net income (loss)</b>	\$ (107,746)	\$ 58,310
Other comprehensive income, net of income tax:		
Interest rate lock derivative contracts reclassified to income, net of tax of \$11 and \$13, respectively	17	15
Total other comprehensive income	17	15
<b>Comprehensive income (loss)</b>	<u>\$ (107,729)</u>	<u>\$ 58,325</u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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**Denbury Resources Inc.**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
(In thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ (107,746)	\$ 58,310
Adjustments to reconcile net income (loss) to cash flows from operating activities		
Depletion, depreciation, and amortization	149,958	141,130
Write-down of oil and natural gas properties	146,200	—
Deferred income taxes	(66,036)	30,175
Stock-based compensation	7,849	8,346
Commodity derivatives expense (income)	(83,076)	76,669
Settlements of commodity derivatives	148,465	(27,169)
Amortization of debt issuance costs and discounts	2,221	3,520
Other, net	(2,359)	(2,297)
Changes in assets and liabilities, net of effects from acquisitions		
Accrued production receivable	33,636	(24,937)
Trade and other receivables	16,828	6,372
Other current and long-term assets	(6,136)	(5,459)
Accounts payable and accrued liabilities	(83,248)	(52,580)
Oil and natural gas production payable	(17,716)	3,916
Other liabilities	(1,076)	(1,138)
<b>Net cash provided by operating activities</b>	<b>137,764</b>	<b>214,858</b>
<b>Cash flows from investing activities</b>		
Oil and natural gas capital expenditures	(162,192)	(198,237)
Acquisitions of oil and natural gas properties	(261)	—
CO <sub>2</sub> capital expenditures	(14,855)	(15,909)
Pipelines and plants capital expenditures	(12,455)	(22,597)
Purchases of other assets	(2,965)	(1,645)
Other	150	1,634
<b>Net cash used in investing activities</b>	<b>(192,578)</b>	<b>(236,754)</b>
<b>Cash flows from financing activities</b>		
Bank repayments	(595,000)	(815,000)
Bank borrowings	665,000	1,075,000
Common stock repurchase program	—	(211,356)
Cash dividends paid	(22,068)	(21,727)
Other	(10,250)	(9,316)
<b>Net cash provided by financing activities</b>	<b>37,682</b>	<b>17,601</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(17,132)</b>	<b>(4,295)</b>
Cash and cash equivalents at beginning of period	23,153	12,187
<b>Cash and cash equivalents at end of period</b>	<b>\$ 6,021</b>	<b>\$ 7,892</b>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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### Denbury Resources Inc. *Notes to Unaudited Condensed Consolidated Financial Statements*

#### Note 1. Basis of Presentation

##### Organization and Nature of Operations

Denbury Resources Inc., a Delaware corporation, is an independent oil and natural gas company with operations focused in two key operating areas: the Gulf Coast and Rocky Mountain regions. Our goal is to increase the value of our properties through a combination of exploitation, drilling and proven engineering extraction practices, with the most significant emphasis relating to CO<sub>2</sub> enhanced oil recovery operations.

##### Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements of Denbury Resources Inc. and its subsidiaries have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. These financial statements and the notes thereto should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2014 (the "Form 10-K"). Unless indicated otherwise or the context requires, the terms "we," "our," "us," "Company," or "Denbury," refer to Denbury Resources Inc. and its subsidiaries.

Accounting measurements at interim dates inherently involve greater reliance on estimates than at year end, and the results of operations for the interim periods shown in this report are not necessarily indicative of results to be expected for the year. In management's opinion, the accompanying unaudited condensed consolidated financial statements include all adjustments of a normal recurring nature necessary for a fair statement of our consolidated financial position as of March 31, 2015, our consolidated results of operations for the three months ended March 31, 2015 and 2014, and our consolidated cash flows for the three months ended March 31, 2015 and 2014.

##### Reclassifications

Certain prior period amounts have been reclassified to conform to the current year presentation. Such reclassifications had no impact on our reported net income, current assets, total assets, current liabilities, total liabilities or stockholders' equity.

##### Net Income (Loss) per Common Share

Basic net income (loss) per common share is computed by dividing the net income (loss) attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is calculated in the same manner, but includes the impact of potentially dilutive securities. Potentially dilutive securities consist of stock options, stock appreciation rights ("SARs"), nonvested restricted stock and nonvested performance-based equity awards. For the three months ended March 31, 2015 and 2014, there were no adjustments to net income (loss) for purposes of calculating basic and diluted net income (loss) per common share.

The following is a reconciliation of the weighted average shares used in the basic and diluted net income (loss) per common share calculations for the periods indicated:

<i>In thousands</i>	Three Months Ended	
	March 31,	
	2015	2014
Basic weighted average common shares outstanding	350,688	350,747
Potentially dilutive securities		
Restricted stock, stock options, SARs and performance-based equity awards	—	2,178
Diluted weighted average common shares outstanding	350,688	352,925

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### Denbury Resources Inc. *Notes to Unaudited Condensed Consolidated Financial Statements*

Basic weighted average common shares exclude shares of nonvested restricted stock. As these restricted shares vest, they will be included in the shares outstanding used to calculate basic net income per common share (although all non-performance-based restricted stock is issued and outstanding upon grant). For purposes of calculating diluted weighted average common shares during the three months ended March 31, 2014, the nonvested restricted stock, stock options, SARs, and performance-based equity awards are included in the computation using the treasury stock method, with the deemed proceeds equal to the average unrecognized compensation during the period, the purchase price that the grantee will pay in the future for stock options, and any estimated future tax consequences recognized directly in equity.

The following securities could potentially dilute earnings per share in the future, but were excluded from the computation of diluted net income (loss) per share, as their effect would have been antidilutive:

<i>In thousands</i>	Three Months Ended	
	March 31,	
	2015	2014
Stock options and SARs	10,507	4,254
Restricted stock and performance-based equity awards	2,948	21

## Oil and Natural Gas Properties

**Ceiling Test.** The net capitalized costs of oil and natural gas properties are limited to the lower of unamortized cost or the cost center ceiling. The cost center ceiling is defined as (1) the present value of estimated future net revenues from proved oil and natural gas reserves before future abandonment costs (discounted at 10%), based on the average first-day-of-the-month oil and natural gas price for each month during a 12-month rolling period prior to the end of a particular reporting period; plus (2) the cost of properties not being amortized; plus (3) the lower of cost or estimated fair value of unproved properties included in the costs being amortized, if any; less (4) related income tax effects. Our future net revenues from proved oil and natural gas reserves are not reduced for development costs related to the cost of drilling for and developing CO<sub>2</sub> reserves nor those related to the cost of constructing CO<sub>2</sub> pipelines, as those costs have previously been incurred by the Company. Therefore, we include in the ceiling test, as a reduction of future net revenues, that portion of our capitalized CO<sub>2</sub> costs related to CO<sub>2</sub> reserves and CO<sub>2</sub> pipelines that we estimate will be consumed in the process of producing our proved oil and natural gas reserves. The fair value of our oil and natural gas derivative contracts is not included in the ceiling test, as we do not designate these contracts as hedge instruments for accounting purposes. The cost center ceiling test is prepared quarterly.

We recognized a full cost pool ceiling test write-down of \$146.2 million during the three months ended March 31, 2015, with first-day-of-the-month prices for the preceding 12 months, after adjustments for market differentials by field, of \$79.55 per Bbl for crude oil and \$3.95 per Mcf for natural gas. If oil prices remain at or near late-April 2015 levels in subsequent periods, we expect that we could record significantly larger write-downs in subsequent quarters, as the 12-month average price used in determining the full cost ceiling value will continue to decline during each rolling quarterly period in 2015.

## Goodwill

We test goodwill for impairment annually during the fourth quarter; however, as a result of the relationship between our market capitalization and our book value of stockholders' equity and the sustained decrease in our share price, we also performed a goodwill impairment assessment as of March 31, 2015. Because our enterprise value (combined market capitalization plus a control premium of 10% and the fair value of our long-term debt) was below the combined book value of our stockholders' equity and long-term debt as of March 31, 2015, we were required to proceed to step two of the goodwill impairment test. Oil and natural gas reserves, which represent the most significant assets requiring valuation, were estimated using the expected present value of future cash flows method based on March 31, 2015, NYMEX oil and natural gas futures prices for the next five years, adjusted for current price differentials. Consistent with the results of our fourth quarter 2014 goodwill analysis, the implied fair value of goodwill calculated in this quantitative assessment significantly exceeded the corresponding book value of goodwill. Therefore, we did not record any goodwill impairment during the first quarter of 2015, nor have we recorded a goodwill impairment historically.



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### Denbury Resources Inc. Notes to Unaudited Condensed Consolidated Financial Statements

#### Recent Accounting Pronouncements

**Debt Issuance Costs.** In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"). ASU 2015-03 requires debt issuance costs related to a recognized debt liability to be presented as a direct reduction of the carrying amount of that debt in the balance sheet, consistent with the presentation of debt discounts. The amendments in this ASU are effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, and early adoption is permitted. Entities will be required to apply the guidance on a retrospective basis to each period presented as a change in accounting principle. Management is currently assessing the impact the adoption of ASU 2015-03 will have on our consolidated financial statements.

**Consolidation.** In February 2015, the FASB issued ASU 2015-02, *Consolidation: Amendments to the Consolidation Analysis* ("ASU 2015-02"). ASU 2015-02 amends the guidance for consolidation of certain types of legal entities. Under the ASU, all reporting entities are required to evaluate whether they should consolidate certain legal entities under the revised consolidation model. The amendment focuses on limited partnerships and similar legal entities, fees paid to a decision maker or a service provider as a variable interest, fee arrangements and related party effects on the primary beneficiary determination, and certain investment funds. The amendments in this ASU are effective for annual periods beginning after December 15, 2015, and interim periods within those years, and early adoption is permitted. Entities can transition to the standard either retrospectively to each period presented or as a cumulative-effect adjustment as of the beginning of the fiscal year of adoption. The adoption of ASU 2015-02 is currently not expected to have a material effect on our consolidated financial statements.

**Revenue Recognition.** In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). ASU 2014-09 amends the guidance for revenue recognition to replace numerous, industry-specific requirements. The core principle of the ASU is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. The ASU implements a five-step process for customer contract revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards. The amendment also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. The amendments in this ASU are currently effective for reporting periods beginning after December 15, 2017, and early adoption is prohibited. However, in April 2015, the FASB proposed delaying the effective date for one year. Entities can transition to the standard either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. Management is currently assessing the impact the adoption of ASU 2014-09 will have on our consolidated financial statements.

#### Note 2. Long-Term Debt

The following long-term debt and capital lease obligations were outstanding as of the dates indicated:

<i>In thousands</i>	March 31, 2015	December 31, 2014
Bank Credit Agreement	\$ 465,000	\$ 395,000
6¾% Senior Subordinated Notes due 2021	400,000	400,000
5½% Senior Subordinated Notes due 2022	1,250,000	1,250,000
4¾% Senior Subordinated Notes due 2023	1,200,000	1,200,000
Other Subordinated Notes, including premium of \$10 and \$11, respectively	2,744	2,746
Pipeline financings	218,486	220,583
Capital lease obligations	96,534	103,041
Total	3,632,764	3,571,370
Less: current obligations	(36,679)	(35,470)
Long-term debt and capital lease obligations	<u>\$ 3,596,085</u>	<u>\$ 3,535,900</u>

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### Denbury Resources Inc. *Notes to Unaudited Condensed Consolidated Financial Statements*

The ultimate parent company in our corporate structure, Denbury Resources Inc. ("DRI"), is the sole issuer of all of our outstanding senior subordinated notes. DRI has no independent assets or operations. Each of the subsidiary guarantors of such notes is 100% owned, directly or indirectly, by DRI, and the guarantees of the notes are full and unconditional and joint and several; any subsidiaries of DRI that are not subsidiary guarantors of certain of such notes are minor subsidiaries.

#### **Bank Credit Facility**

In December 2014, we entered into an Amended and Restated Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent, and other lenders party thereto (the "Bank Credit Agreement"). The Bank Credit Agreement is a senior secured revolving credit facility with an initial borrowing base of \$3.0 billion and aggregate lender commitments of \$1.6 billion. Loans under the Bank Credit Agreement mature in December 2019. The weighted average interest rate on borrowings outstanding as of March 31, 2015, under the Bank Credit Agreement was 1.5%. The undrawn portion of the aggregate lender commitments under the Bank Credit Agreement is subject to a commitment fee ranging from 0.3% to 0.375% per annum. As of March 31, 2015, we were in compliance with all debt covenants under the Bank Credit Agreement.

In connection with the borrowing base redetermination completed in early May 2015 under our Bank Credit Agreement, we elected to maintain our aggregate lender commitments at \$1.6 billion; however, due to a reduction in oil prices used by our lenders in determining the borrowing base value of our proved reserves attributable to our oil and natural gas properties, our borrowing base was reduced from the previous level of \$3.0 billion to \$2.6 billion. Because we continue to maintain a significant cushion between our borrowing base and the aggregate lender commitments, this borrowing base reduction has no impact on our liquidity. Redeterminations under our Bank Credit Agreement occur annually, making our next scheduled redetermination in May 2016.

In conjunction with the May 2015 redetermination, we also entered into the First Amendment to the Bank Credit Agreement (the "First Amendment"). This First Amendment restructures certain financial covenants in 2016, 2017, and 2018 in order to provide more flexibility in managing our balance sheet and managing the credit extended by our lenders if oil prices remain low over the next several years. The covenant changes included in the First Amendment were as follows:

- In 2016 and 2017, suspend the maximum permitted ratio of consolidated total net debt to consolidated EBITDAX covenant of 4.25 to 1.0 and replace it with a maximum permitted ratio of consolidated senior secured debt to consolidated EBITDAX covenant of 2.5 to 1.0 during the same time period. Currently, only debt under our Bank Credit Agreement would be considered consolidated senior secured debt for purposes of this ratio.
- Beginning in the first quarter of 2018, reinstate the ratio of consolidated total net debt to consolidated EBITDAX covenant utilizing an annualized EBITDAX amount for the first quarter of 2018 and building to a trailing four quarters by the end of 2018, with the maximum permitted ratios being 6.0 to 1.0 for the first quarter ended March 31, 2018, 5.5 to 1.0 for the second quarter ended June 30, 2018, and 5.0 to 1.0 for the third and fourth quarters ended September 30 and December 31, 2018, and returning to 4.25 to 1.0 for the first quarter ended March 31, 2019.
- In 2016 and 2017, institute a minimum permitted ratio of consolidated EBITDAX to consolidated interest charges of 2.25 to 1.0.

The restructuring of covenants through the First Amendment were executed in consideration of a fee paid to the lenders. The First Amendment has no impact on the current ratio financial performance covenant, which will remain in place in 2015 and beyond. All of the above descriptions of financial covenants are qualified by the express language and defined terms contained in the Bank Credit Agreement filed on December 15, 2014, as Exhibit 10.1 to our Current Report on Form 8-K or the First Amendment, which is filed as Exhibit 10(a) to this Quarterly Report on Form 10-Q.

#### **Note 3. Stockholders' Equity**

##### **Dividends**

During January of both 2015 and 2014, the Company's Board of Directors declared quarterly cash dividends of \$0.0625 per common share. Dividends totaling \$22.1 million and \$21.7 million were paid to stockholders during the three months ended March 31, 2015 and 2014, respectively. See Note 8, *Subsequent Event*, for details regarding the dividend declared and to be paid in the second quarter of 2015.

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### Denbury Resources Inc. *Notes to Unaudited Condensed Consolidated Financial Statements*

#### **Stock Repurchase Program**

Under our board-authorized share repurchase program, we repurchased 12.4 million shares of Denbury common stock for \$200.4 million during the first quarter of 2014. In November 2014, the Company's Board of Directors suspended the common share repurchase program in light of commodity price uncertainty and to protect our financial position.

#### **Employee Stock Purchase Program**

We previously provided for an Employee Stock Purchase Plan (the "Plan") in which funds from eligible employees, together with Company contributions, were used to purchase previously unissued Denbury common stock or treasury stock that we purchased in the open market for that purpose, in either case, based on the market value of our common stock at the end of each quarter. The Plan was terminated, effective at the end of the offering period ending on March 31, 2015, as all of the previously authorized shares reserved for issuance under the Plan had been issued.

#### **Note 4. Commodity Derivative Contracts**

We do not apply hedge accounting treatment to our oil and natural gas derivative contracts; therefore, the changes in the fair values of these instruments are recognized in income in the period of change. These fair value changes, along with the settlements of expired contracts, are shown under "Commodity derivatives expense (income)" in our Unaudited Condensed Consolidated Statements of Operations.

From time to time, we enter into various oil and natural gas derivative contracts to provide an economic hedge of our exposure to commodity price risk associated with anticipated future oil and natural gas production. We do not hold or issue derivative financial instruments for trading purposes. These contracts have historically consisted of price floors, collars, three-way collars, fixed-price swaps and fixed-price swaps enhanced with a sold put. The production that we hedge has varied from year to year depending on our levels of debt, financial strength, and expectation of future commodity prices. For the past several years, we have employed a strategy to hedge a substantial portion of our forecasted production approximately 18 months to two years in the future (from the then-current quarter), as we believe it is important to protect our future cash flow to provide a level of assurance for our capital spending and dividends in those future periods. Due to the significant and rapid decline in oil prices over the last six months, we have deferred entering into new derivative contracts through the first quarter of 2015; thus, the percentage of our forecasted production we have hedged and the duration of our hedges are less than what we have had in the recent past. In April 2015, we began entering into new oil hedging positions in order to provide more certainty to our future cash flows. As of May 5, 2015, these fixed-price swaps and collars, which are not reflected in the table below and which comprise both NYMEX and LLS hedges, include (1) fixed-price swaps covering an additional 15,000 Bbls per day in the second quarter of 2016, with weighted-average prices of approximately \$63 per Bbl and (2) collars covering an additional 4,500 Bbls per day and 5,000 Bbls per day in the second and third quarters of 2016, respectively, with weighted-average floors of approximately \$56 per Bbl and weighted-average ceilings of approximately \$72 per Bbl.

We manage and control market and counterparty credit risk through established internal control procedures that are reviewed on an ongoing basis. We attempt to minimize credit risk exposure to counterparties through formal credit policies, monitoring procedures, and diversification, and all of our commodity derivative contracts are with parties that are lenders under our Bank Credit Agreement (or affiliates of such lenders). As of March 31, 2015, all of our outstanding derivative contracts were subject to enforceable master netting arrangements whereby payables on those contracts can be offset against receivables from separate derivative contracts with the same counterparty. It is our policy to classify derivative assets and liabilities on a gross basis on our balance sheets, even if the contracts are subject to enforceable master netting arrangements.

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The following table summarizes our commodity derivative contracts as of March 31, 2015, none of which are classified as hedging instruments in accordance with the Financial Accounting Standards Board Codification ("FASC") *Derivatives and Hedging* topic:

Months	Index Price	Volume <sup>(2)</sup>	Range <sup>(3)</sup>		Contract Prices <sup>(1)</sup>			
					Swap	Weighted Average Price		Ceiling
					Swap	Sold Put	Floor	
<b>Oil Contracts:</b>								
<u>2015 Enhanced Swaps <sup>(4)</sup></u>								
Apr – June	NYMEX	8,000	\$ 90.00	– 90.00	\$ 90.00	\$ 65.75	\$ —	\$ —
Apr – June	LLS	16,000	93.20	– 94.00	93.65	68.00	—	—
July – Sept	NYMEX	10,000	90.00	– 90.10	90.02	65.30	—	—
July – Sept	LLS	16,000	93.20	– 94.00	93.65	68.00	—	—
Oct – Dec	NYMEX	12,000	91.15	– 94.00	92.42	68.00	—	—
Oct – Dec	LLS	8,000	93.80	– 96.50	94.94	68.00	—	—
<u>2015 Collars</u>								
Apr – June	NYMEX	30,000	\$ 80.00	– 95.25	\$ —	\$ —	\$ 80.00	\$ 94.72
Apr – June	LLS	4,000	85.00	– 102.50	—	—	85.00	101.75
July – Sept	NYMEX	28,000	80.00	– 95.25	—	—	80.00	95.05
July – Sept	LLS	4,000	85.00	– 100.00	—	—	85.00	99.50
<u>2015 Three-Way Collars <sup>(5)</sup></u>								
Oct – Dec	NYMEX	10,000	\$ 85.00	– 102.00	\$ —	\$ 68.00	\$ 85.00	\$ 99.00
Oct – Dec	LLS	8,000	88.00	– 104.25	—	68.00	88.00	100.99
<u>2016 Enhanced Swaps <sup>(4)</sup></u>								
Jan – Mar	NYMEX	12,000	\$ 90.65	– 93.35	\$ 92.43	\$ 68.00	\$ —	\$ —
Jan – Mar	LLS	8,000	93.70	– 95.45	94.81	68.50	—	—
Apr – June	NYMEX	2,000	90.35	– 90.35	90.35	68.00	—	—
Apr – June	LLS	6,000	93.30	– 93.50	93.38	70.00	—	—
<u>2016 Three-Way Collars <sup>(5)</sup></u>								
Jan – Mar	NYMEX	10,000	\$ 85.00	– 101.25	\$ —	\$ 68.00	\$ 85.00	\$ 99.85
Jan – Mar	LLS	6,000	88.00	– 103.15	—	68.00	88.00	102.10
Apr – June	NYMEX	2,000	85.00	– 95.50	—	68.00	85.00	95.50
Apr – June	LLS	2,000	88.00	– 98.25	—	70.00	88.00	98.25
<b>Natural Gas Contracts:</b>								
<u>2015 Collars</u>								
Apr – Dec	NYMEX	8,000	\$ 4.00	– 4.53	\$ —	\$ —	\$ 4.00	\$ 4.51

- (1) Contract prices are stated in \$/Bbl and \$/MMBtu for oil and natural gas contracts, respectively.
- (2) Contract volumes are stated in Bbls/d and MMBtus/d for oil and natural gas contracts, respectively.
- (3) Ranges presented for enhanced swaps represent the lowest and highest fixed prices of all open contracts for the period presented. For collars and three-way collars, ranges represent the lowest floor price and highest ceiling price for all open contracts for the period presented.

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- (4) An enhanced swap is a fixed-price swap contract combined with a sold put feature (at a lower price) with the same counterparty. The value associated with the sold put is used to increase or enhance the fixed price of the swap. At the contract settlement date, (1) if the index price is higher than the swap price, we pay the counterparty the difference between the index price and swap price for the contracted volumes, (2) if the index price is lower than the swap price but at or above the sold put price, the counterparty pays us the difference between the index price and the swap price for the contracted volumes, and (3) if the index price is lower than the sold put price, the counterparty pays us the difference between the swap price and the sold put price for the contracted volumes.
- (5) A three-way collar is a costless collar contract combined with a sold put feature (at a lower price) with the same counterparty. The value received for the sold put is used to enhance the contracted floor and ceiling price of the related collar. At the contract settlement date, (1) if the index price is higher than the ceiling price, we pay the counterparty the difference between the index price and ceiling price for the contracted volumes, (2) if the index price is between the floor and ceiling price, no settlements occur, (3) if the index price is lower than the floor price but at or above the sold put price, the counterparty pays us the difference between the index price and the floor price for the contracted volumes, and (4) if the index price is lower than the sold put price, the counterparty pays us the difference between the floor price and the sold put price for the contracted volumes.

#### **Note 5. Fair Value Measurements**

The FASC *Fair Value Measurement* topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (often referred to as the "exit price"). We utilize market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable. We primarily apply the income approach for recurring fair value measurements and endeavor to utilize the best available information. Accordingly, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. We are able to classify fair value balances based on the observability of those inputs. The FASC establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. Instruments in this category include non-exchange-traded oil and natural gas derivatives that are based on NYMEX pricing. The fixed-price swap features of our enhanced swaps are valued using a discounted cash flow model based upon forward commodity price curves. Our costless collars and the sold put features of our enhanced oil swaps and three-way collars are valued using the Black-Scholes model, an industry standard option valuation model that takes into account inputs such as contractual prices for the underlying instruments, including maturity, quoted forward prices for commodities, interest rates, volatility factors and credit worthiness, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.
- Level 3 – Pricing inputs include significant inputs that are generally less observable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. At March 31, 2015, instruments in this category include non-exchange-traded oil derivatives that are based on regional pricing other than NYMEX (e.g., Light Louisiana Sweet). The valuation models utilized for enhanced swaps, costless collars and three-way collars are consistent with the methodologies described above; however, since the instruments are based on regional pricing other than NYMEX, certain inputs to the valuation are less observable. Implied volatilities utilized in the valuation of Level 3 instruments are developed using a benchmark, which is considered a significant unobservable input. An increase or decrease of 100 basis points in the implied volatility inputs utilized in our fair value measurement would result in a change of approximately \$0.9 million in the fair value of these instruments as of March 31, 2015.

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### Denbury Resources Inc. Notes to Unaudited Condensed Consolidated Financial Statements

We adjust the valuations from the valuation model for nonperformance risk, using our estimate of the counterparty's credit quality for asset positions and our credit quality for liability positions. We use multiple sources of third-party credit data in determining counterparty nonperformance risk, including credit default swaps.

The following table sets forth, by level within the fair value hierarchy, our financial assets and liabilities that were accounted for at fair value on a recurring basis as of the periods indicated:

<i>In thousands</i>	Fair Value Measurements Using:			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>March 31, 2015</b>				
Assets:				
Oil and natural gas derivative contracts – current	\$ —	\$ 270,126	\$ 151,576	\$ 421,702
Oil and natural gas derivative contracts – long-term	—	6,017	13,439	19,456
Total Assets	\$ —	\$ 276,143	\$ 165,015	\$ 441,158
<b>December 31, 2014</b>				
Assets:				
Oil and natural gas derivative contracts – current	\$ —	\$ 283,238	\$ 157,121	\$ 440,359
Oil and natural gas derivative contracts – long-term	—	34,862	31,325	66,187
Total Assets	\$ —	\$ 318,100	\$ 188,446	\$ 506,546

Since we do not apply hedge accounting for our commodity derivative contracts, any gains and losses on our assets and liabilities are included in "Commodity derivatives expense (income)" in the accompanying Unaudited Condensed Consolidated Statements of Operations.

### Level 3 Fair Value Measurements

The following table summarizes the changes in the fair value of our Level 3 assets and liabilities for the three months ended March 31, 2015 and 2014:

<i>In thousands</i>	Three Months Ended March 31,	
	2015	2014
Fair value of Level 3 instruments, beginning of period	\$ 188,446	\$ 6,709
Fair value adjustments on commodity derivatives	25,085	(12,806)
Receipt on settlements of commodity derivatives	(48,516)	—
Fair value of Level 3 instruments, end of period	\$ 165,015	\$ (6,097)
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets or liabilities still held at the reporting date	\$ 23,099	\$ (12,806)

We utilize an income approach to value our Level 3 enhanced swaps, costless collars and three-way collars. We obtain and ensure the appropriateness of the significant inputs to the calculation, including contractual prices for the underlying instruments, maturity, forward prices for commodities, interest rates, volatility factors and credit worthiness, and the fair value estimate is

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### Denbury Resources Inc. *Notes to Unaudited Condensed Consolidated Financial Statements*

prepared and reviewed on a quarterly basis. The following table details fair value inputs related to implied volatilities utilized in the valuation of our Level 3 oil derivative contracts:

	Fair Value at 3/31/2015 (in thousands)	Valuation Technique	Unobservable Input	Range
Oil derivative contracts	\$ 165,015	Discounted cash flow / Black-Scholes	Volatility of Light Louisiana Sweet for settlement periods beginning after March 31, 2015	25.8% – 38.2%

### Other Fair Value Measurements

The carrying value of loans under our Bank Credit Agreement approximate fair value, as they are subject to short-term floating interest rates that approximate the rates available to us for those periods. We use a market approach to determine fair value of our fixed-rate long-term debt using observable market data. The fair values of our senior subordinated notes are based on quoted market prices. The estimated fair value of our debt as of March 31, 2015 and December 31, 2014, excluding pipeline financing and capital lease obligations, was \$2,998.6 million and \$2,938.6 million, respectively. We have other financial instruments consisting primarily of cash, cash equivalents, short-term receivables and payables that approximate fair value due to the nature of the instrument and the relatively short maturities.

### Note 6. Commitments and Contingencies

We are involved in various lawsuits, claims and regulatory proceedings incidental to our businesses. We are also subject to audits for various taxes (income, sales and use, and severance) in the various states in which we operate, and from time to time receive assessments for potential taxes that we may owe. While we currently believe that the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on our financial position, results of operations or cash flows, litigation is subject to inherent uncertainties. Although a single or multiple adverse rulings or settlements could possibly have a material adverse effect on our finances, we only accrue for losses from litigation and claims if we determine that a loss is probable and the amount can be reasonably estimated.

#### *Delhi Field Release*

In June 2013, a release of well fluids, consisting of a mixture of carbon dioxide, saltwater, natural gas and oil, was discovered (and reported) within an area of the Denbury-operated Delhi Field located in northern Louisiana. We completed our remediation efforts with respect to such release during the fourth quarter of 2013; however, we continue to monitor the impacted area to confirm the effectiveness of the remediation efforts. Virtually all of our total cost estimate of \$130.8 million has been incurred.

We maintain insurance policies to cover certain costs, damages and claims related to releases of well fluids and remediation. We received a \$25.0 million cost reimbursement in October 2014 related to the Delhi Field release and remediation from our insurance carrier providing the first layer of our excess insurance coverage. We have not reached any agreement with our remaining carriers as to further reimbursements, but given our belief that under our policies we are entitled to reimbursement of between approximately one-third and two-thirds of our total costs, we have filed suit to pursue further reimbursements, the ultimate outcome of which cannot be predicted.

In March 2015, Evolution Petroleum Company ("Evolution"), the parent of the entity which sold Denbury Onshore, LLC ("Denbury Onshore") its original interest in Delhi Field, filed an amended petition in a lawsuit which has been pending in the Texas district court in Houston since December 2013. Originally, that lawsuit involved ongoing disputes between Denbury Onshore and Evolution regarding the terms of the purchase documents under which Denbury Onshore bought its original Delhi Field interest, including disputes regarding allocation of costs in determining "payout" as defined in the agreements, and the extent and terms of assignment of reversionary interests in the Unit back to Evolution following payout, along with related contractual terms. The amended petition added allegations of negligence and gross negligence against Denbury Onshore in connection with the June 2013 Delhi Field release, and for the first time estimated its damages attributable to its allegations in the case as exceeding \$200 million. The amended petition also adds a claim for unspecified punitive damages. There has only been limited discovery in the case to

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date, and Evolution has not specified the basis for the amount of its claimed damages estimate. The case is currently set for trial in October 2015. We believe Evolution's claims in the First Amended Petition relating to the June 2013 Delhi Field release are without merit and intend to vigorously defend against them and pursue our rights under the purchase documents.

**Note 7. Additional Balance Sheet Details****Accounts Payable and Accrued Liabilities**

<i>In thousands</i>	March 31, 2015	December 31, 2014
Accounts payable	\$ 52,662	\$ 64,604
Accrued interest	45,883	48,255
Accrued lease operating expenses	38,197	56,798
Accrued exploration and development costs	26,560	90,939
Accrued compensation	24,517	62,513
Taxes payable	16,697	39,816
Other	30,025	31,833
Total	<u>\$ 234,541</u>	<u>\$ 394,758</u>

**Note 8. Subsequent Event****Dividend Declaration**

On April 28, 2015, the Board of Directors declared a dividend of \$0.0625 per share on our outstanding common stock, payable on June 30, 2015, to stockholders of record at the close of business on May 26, 2015.



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

The following discussion and analysis should be read in conjunction with our Unaudited Condensed Consolidated Financial Statements and Notes thereto included herein and our Consolidated Financial Statements and Notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2014 (the "Form 10-K"), along with *Management's Discussion and Analysis of Financial Condition and Results of Operations* contained in the Form 10-K. Any terms used but not defined herein have the same meaning given to them in the Form 10-K. Our discussion and analysis includes forward-looking information that involves risks and uncertainties and should be read in conjunction with *Risk Factors* under Item 1A of Part II of this report, along with *Forward-Looking Information* at the end of this section for information on the risks and uncertainties that could cause our actual results to be materially different than our forward-looking statements.

**OVERVIEW**

Denbury is an independent oil and natural gas company with operations focused in two key operating areas: the Gulf Coast and Rocky Mountain regions. Our goal is to increase the value of our properties through a combination of exploitation, drilling and proven engineering extraction practices, with the most significant emphasis relating to CO<sub>2</sub> enhanced oil recovery operations.

**Operating Highlights.** Our financial results have been significantly impacted by the decrease in realized oil prices, which decreased from \$97.69 per Bbl in the first quarter of 2014 to \$46.02 in the first quarter of 2015. During the first quarter of 2015, we recognized a net loss of \$107.7 million, or \$0.31 per diluted common share, compared to net income of \$58.3 million, or \$0.17 per diluted common share, during the first quarter of 2014. The change in income between the first quarter of 2015 and 2014 was primarily due to a 52% (\$326 million) decline in our oil and natural gas revenues between the periods, which was primarily all oil-price related, and a full cost pool ceiling test write-down of our oil and natural gas properties totaling \$146.2 million (\$90.6 million net of tax) during the first quarter of 2015, also due to declines in oil prices. Offsetting these negative impacts was a \$159.7 million reduction in our commodity derivative expense, and lower operating expenses consisting of a \$29.3 million (17%) decrease in lease operating expenses, a \$19.3 million (42%) decrease in taxes other than income, and an \$8.7 million (18%) decrease in interest, net. The \$159.7 million positive change in commodity derivatives expense (income) between the two periods was principally due to receipts of \$148.5 million upon settlement of derivative contracts in the first quarter of 2015 compared to payments of \$27.2 million in the prior-year quarter.

We generated \$137.8 million of cash flows from operating activities in the first quarter of 2015, compared to \$337.7 million in the fourth quarter of 2014 and \$214.9 million in the prior-year first quarter. The decrease in cash flows from operations was due primarily to lower oil prices, which caused a decrease in oil revenues, partially offset by significant positive changes in derivative settlements and, to a lesser extent, reductions in lease operating expenses, taxes other than income, interest expense, and changes in working capital items. Despite the significant decrease in oil prices, at current oil futures prices, we currently expect to generate cash flow above and beyond our capital expenditures and dividends for 2015.

During the first quarter of 2015, our oil and natural gas production, which was 95% oil, averaged 74,356 BOE/d, compared to an average of 73,718 BOE/d produced during the first quarter of 2014. This slight increase in production is attributable to a 5% increase in our tertiary oil production, offset by a 4% decline in production from our non-tertiary properties.

Our average realized oil price per barrel, excluding the impact of commodity derivative contracts, was \$46.02 per Bbl during the first quarter of 2015, a decrease of 53% compared to \$97.69 per Bbl realized during the first quarter of 2014 and a decrease of 35% compared to \$70.80 per Bbl realized during the fourth quarter of 2014. The oil price we realized relative to NYMEX oil prices (our NYMEX oil price differential) was \$2.81 per Bbl below NYMEX prices in the first quarter of 2015, compared to a negative \$0.91 per Bbl NYMEX differential in the first quarter of 2014, and a negative \$2.24 per Bbl NYMEX differential in the fourth quarter of 2014. This decline in our oil price differential in comparison to its level in the first quarter of 2014 was driven by a decrease in the Light Louisiana Sweet ("LLS") index premium, partially offset by a decrease in the Rocky Mountain region discount relative to NYMEX oil prices.

One of our primary focuses in 2014 and 2015 has been to reduce costs throughout the organization, through a number of internal initiatives. For example, excluding Delhi remediation costs and insurance reimbursements and unplanned Riley Ridge well workovers in 2014, our recurring lease operating expenses per BOE decreased each sequential quarter in 2014 and the first

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#### *Management's Discussion and Analysis of Financial Condition and Results of Operations*

quarter of 2015, and decreased a total of 20% between the fourth quarter of 2013 and the first quarter of 2015, with decreases realized in most categories of lease operating expenses, the most significant of which including workover costs, power costs, CO<sub>2</sub> costs, and certain third-party contractor and vendor costs. On a sequential-quarter basis, lease operating expenses, excluding Delhi Field remediation costs, decreased 10% between the fourth quarter of 2014 and the first quarter of 2015. Our goal is to continue to reduce both capital project costs and per-barrel operating costs, and we believe such reductions are possible, especially in light of the recent decline in oil prices.

**Recent Oil Price Decline and Impact on Our Business.** Although oil prices have historically been volatile, during the second half of 2014 and continuing into 2015, oil prices dropped rapidly, with NYMEX prices declining from \$107 per Bbl in June 2014 to less than \$44 per Bbl in March 2015. In response to the decline in oil prices, we (1) significantly reduced projected 2015 capital spending to \$550 million, or roughly half of 2014 levels, (2) suspended our share repurchase program, and (3) declared dividends for the first two quarters of 2015 at a rate of \$0.25 per common share on an annualized basis, which is a level consistent with our 2014 dividend rate.

As a result of the significant decrease in pricing during the fourth quarter of 2014 and its continued decline in the first quarter of 2015, we recognized a full cost pool ceiling test write-down of \$146.2 million during the three months ended March 31, 2015. See *Results of Operations – Full Cost Pool Ceiling Test Write-Down* and Note 1, *Basis of Presentation – Oil and Natural Gas Properties*, to the Unaudited Condensed Consolidated Financial Statements for additional information regarding the ceiling test.

Oil prices generally constitute the largest single variable in our operating results. For the past several years, we have employed a strategy of hedging a substantial portion of our forecasted production, approximately 18 months to two years into the future (from the then-current quarter), to mitigate the risks associated with fluctuations during periods of oil price declines. We have hedges covering approximately 80% of our forecasted total production for the second and third quarters of 2015 and just over half for the fourth quarter of 2015, which will help mitigate the impact of the continued low oil price environment on our 2015 cash flows and operating results; however, for any portion of our forecasted production that is unhedged, we are fully exposed to any further decrease in oil prices. For 2016, we have significantly fewer hedges and at a lower price, and thus, the impact of continued low oil prices on our cash flows and operating results during those time periods will be more impactful. See *Results of Operations – Commodity Derivative Contracts* and Note 4, *Commodity Derivative Contracts*, to the Unaudited Condensed Consolidated Financial Statements for additional information regarding our commodity derivative contracts.

## CAPITAL RESOURCES AND LIQUIDITY

**Overview.** Our primary sources of capital and liquidity are our cash flows from operations and availability for borrowings under our bank credit facility. Our business is capital intensive, and it is common for oil and natural gas companies our size to reinvest most or all of their cash flow into developing new assets. We generally attempt to balance our capital expenditures and dividends with cash flows from operations, and for 2015, at current oil futures prices, we currently expect to generate cash flow above and beyond our capital expenditures and dividends. Our cash flow from operations during the first quarter of 2015 was lower than the \$214.9 million generated during the same prior year period, due primarily to lower oil prices, which caused a decrease in oil revenues, partially offset by significant positive changes in derivative settlements and, to a lesser extent, reductions in lease operating expenses, taxes other than income, interest expense, and working capital items.

As discussed in the *Overview* above, we have been proactive in adjusting our 2015 capital spending and dividend plans in connection with the current lower oil price environment. We project that we will have adequate capital resources and liquidity for the foreseeable future because (1) we have significant borrowing capacity on our bank credit facility (see Note 2, *Long-Term Debt and Bank Credit Facility* below); (2) we have commodity derivative contracts in place to cover a significant portion of our forecasted oil production for 2015 that will lessen the impact of the current lower oil price environment (see Note 4, *Commodity Derivative Contracts*, to the Unaudited Condensed Consolidated Financial Statements for further details regarding the prices and volumes of our commodity derivative contracts); (3) generally, we plan to fund both our projected capital expenditures and dividends with cash flows from operations; (4) we can significantly reduce our capital expenditures for some time if necessary as we have done in 2015, and still maintain relatively flat or slightly lower production levels as a result of the unique characteristics of CO<sub>2</sub> EOR operations; and (5) the maturity dates of all but a minor amount of our senior subordinated notes occur seven or more years in the future, and carry attractive fixed interest rates ranging between 4½% and 6¾%.

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If oil prices remain at relatively low levels beyond 2015, our cash flows from operations will likely be significantly lower than current levels, as our commodity derivative contracts presently in place for 2016 cover significantly less forecasted oil production and are at lower prices. Therefore, we continue to focus on reducing our operating costs so as to preserve as much of our operating margin as possible in this lower oil price environment, and if this low oil price environment persists, we intend to continue to make adjustments to our capital spending plans to preserve our financial health. Fortunately, some of our costs, such as CO<sub>2</sub> purchases and production taxes, adjust proportionally with changes in the price of oil. We also expect that our cost of services and equipment will continue to come down in this lower oil price environment, but this likely will not reflect as large a percentage decrease as the decrease in the price of oil. Although we can reduce capital spending and maintain production at relatively flat or slightly lower production levels for some time, after a period of time our production will begin to decline significantly, which will further lower our cash flow from operations.

**2015 Capital Spending.** We anticipate that our full-year 2015 capital budget, excluding acquisitions, will be \$550 million, which includes approximately \$85 million in capitalized internal acquisition, exploration and development costs; capitalized interest; and pre-production startup costs associated with new tertiary floods. This combined 2015 capital budget amount, excluding acquisitions, is comprised of the following:

- \$320 million allocated for tertiary oil field expenditures;
- \$100 million allocated for other areas, primarily non-tertiary oil field expenditures;
- \$30 million to be spent on CO<sub>2</sub> sources;
- \$15 million for pipeline construction; and
- \$85 million for other capital items such as capitalized internal acquisition, exploration and development costs; capitalized interest; and pre-production startup costs associated with new tertiary floods.

During the three months ended March 31, 2015, we incurred capital expenditures of \$111.1 million, excluding acquisitions. See additional detail on our expenditures in the *Capital Expenditure Summary* below.

Based on oil and natural gas commodity futures prices in early May 2015, our current production forecast, and our commodity derivative contracts covering a substantial portion of our anticipated 2015 production, we currently anticipate that our 2015 cash flows from operations will be in excess of our combined 2015 capital budget and currently-planned dividend payments. Although our outstanding borrowings on our bank credit facility increased by \$70.0 million from December 31, 2014, to \$465.0 million at March 31, 2015, due primarily to the timing of cash outflows to cover working capital items in the first quarter of 2015, we currently expect to use any excess cash flow from operations for the remainder of 2015 to pay down borrowings on our bank credit facility to levels below those outstanding as of December 31, 2014. If prices were to decrease further or changes in operating results were to cause us to have a reduction in anticipated 2015 cash flows below our currently forecasted operating cash flows, we would likely further reduce our capital expenditures or reduce our targeted dividend payment, with ample availability on our bank credit facility to cover any potential shortfall. If we further reduce our capital spending due to lower cash flows, any sizeable reduction could lower our anticipated production levels in future years.

**Bank Credit Facility.** In connection with the borrowing base redetermination completed in early May 2015 under our Bank Credit Agreement, we elected to maintain our aggregate lender commitments at \$1.6 billion; however, due to a reduction in oil prices used by our lenders in determining the borrowing base value of our proved reserves attributable to our oil and natural gas properties, our borrowing base was reduced from the previous level of \$3.0 billion to \$2.6 billion. Because we continue to maintain a \$1.0 billion cushion between our borrowing base and the aggregate lender commitments, even after this borrowing base reduction, and because we had availability of \$1.1 billion with respect to our aggregate lender commitments as of March 31, 2015, this borrowing base reduction has no impact on our liquidity. Redeterminations under our Bank Credit Agreement occur annually, making our next scheduled redetermination in May 2016.

This Bank Credit Agreement contains certain restrictive covenants, plus two principal financial performance covenants to maintain (1) a ratio of consolidated total net debt to consolidated EBITDAX of not more than 4.25 to 1.0 and (2) a ratio of consolidated current assets to consolidated current liabilities ("current ratio") not less than 1.0. For these financial performance covenant calculations as of March 31, 2015, our ratio of consolidated total net debt to consolidated EBITDAX was 2.78 to 1.0, and our current ratio was 4.25, and we currently project to be in compliance with the covenants through the remainder of 2015.

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### Denbury Resources Inc.

#### *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Although we currently expect to meet our financial covenants in 2015, if oil prices were to remain at lower levels for a longer period of time, we could have issues in meeting our debt to EBITDAX covenant in 2016, as we are not as well hedged after 2015. Therefore, in conjunction with the May 2015 redetermination, we entered into the First Amendment to the Bank Credit Agreement (the "First Amendment") under which we modified certain financial covenants in 2016, 2017 and 2018 in order to provide more flexibility in managing our balance sheet and managing the credit extended by our lenders if oil prices remain low over the next several years. The covenant changes included in the First Amendment were as follows:

- In 2016 and 2017, suspend the maximum permitted ratio of consolidated total net debt to consolidated EBITDAX covenant of 4.25 to 1.0 and replace it with a maximum permitted ratio of consolidated senior secured debt to consolidated EBITDAX covenant of 2.5 to 1.0 during the same time period. Currently, only debt under our Bank Credit Agreement would be considered consolidated senior secured debt for purposes of this ratio. If this covenant had been in place as of March 31, 2015, our ratio of senior secured debt to consolidated EBITDAX would have been 0.36 to 1.0 as of that date.
- Beginning in the first quarter of 2018, reinstate the ratio of consolidated total net debt to consolidated EBITDAX covenant utilizing an annualized EBITDAX amount for the first quarter of 2018 and building to a trailing four quarters by the end of 2018, with the maximum permitted ratios being 6.0 to 1.0 for the first quarter ended March 31, 2018, 5.5 to 1.0 for the second quarter ended June 30, 2018, and 5.0 to 1.0 for the third and fourth quarters ended September 30 and December 31, 2018, and returning to 4.25 to 1.0 for the first quarter ended March 31, 2019.
- In 2016 and 2017, institute a minimum permitted ratio of consolidated EBITDAX to consolidated interest charges of 2.25 to 1.0.

The restructuring of covenants through the First Amendment were executed in consideration of a fee paid to the lenders. The First Amendment has no impact on the current ratio financial performance covenant, which will remain in place in 2015 and beyond. All of the above descriptions of financial covenants are qualified by the express language and defined terms contained in the Bank Credit Agreement filed on December 15, 2014, as Exhibit 10.1 to our Current Report on Form 8-K or the First Amendment, which is filed as Exhibit 10(a) to this Quarterly Report on Form 10-Q.

**Dividends.** During the first quarter of both 2015 and 2014, the Company's Board of Directors declared quarterly cash dividends of \$0.0625 per common share. Dividends totaling \$22.1 million and \$21.7 million were paid to stockholders during the three months ended March 31, 2015 and 2014, respectively. See Note 8, *Subsequent Event*, to the Unaudited Condensed Consolidated Financial Statements for details regarding the dividend declared in the second quarter of 2015. An annual dividend rate of \$0.25 per common share would result in total dividend payments of approximately \$89 million to our stockholders in 2015. The declaration and payment of future dividends are at the discretion of our Board of Directors, and the amount thereof will depend on our results of operations, financial condition, capital requirements, level of indebtedness, market conditions, and other factors deemed relevant by the Board of Directors.

**Insurance Recoveries to Cover Costs of 2013 Delhi Field Release.** We completed our remediation efforts related to the release of well fluids at the Denbury-operated Delhi Field during the fourth quarter of 2013. As of March 31, 2015, virtually all of our total cost estimate of \$130.8 million had been incurred.

We maintain insurance policies to cover certain costs, damages and claims related to releases of well fluids and remediation. We received a \$25.0 million cost reimbursement in October 2014 related to the Delhi Field release and remediation from our insurance carrier providing the first layer of our excess insurance coverage. We have not reached any agreement with our remaining carriers as to further reimbursements, but given our belief that under our policies we are entitled to reimbursement of between approximately one-third and two-thirds of our total costs, we have filed suit to pursue further reimbursements, the ultimate outcome of which cannot be predicted.

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**Capital Expenditure Summary.** The following table of capital expenditures includes accrued capital for the three months ended March 31, 2015 and 2014:

<i>In thousands</i>	Three Months Ended March 31,	
	2015	2014
Capital expenditures by project		
Tertiary oil fields	\$ 42,900	\$ 123,901
Non-tertiary fields	30,984	54,851
Capitalized interest and internal costs <sup>(1)</sup>	25,580	24,219
Oil and natural gas capital expenditures	99,464	202,971
CO <sub>2</sub> pipelines	779	3,244
CO <sub>2</sub> sources <sup>(2)</sup>	9,852	13,262
CO <sub>2</sub> capitalized interest and other	1,003	1,146
<b>Capital expenditures, before acquisitions</b>	<b>111,098</b>	<b>220,623</b>
Acquisitions of oil and natural gas properties	261	—
<b>Capital expenditures, total</b>	<b>\$ 111,359</b>	<b>\$ 220,623</b>

- (1) Includes capitalized internal acquisition, exploration and development costs; capitalized interest; and pre-production startup costs associated with new tertiary floods.
- (2) Includes capital expenditures related to the Riley Ridge gas processing facility.

Capital expenditures during the three months ended March 31, 2015, reflect a significant reduction in accrued capital based on the decrease in capital spending in 2015. For the first three months of 2015 and 2014, our capital expenditures and property acquisitions were fully funded with cash flow from operations.

**Off-Balance Sheet Arrangements.** Our off-balance sheet arrangements include operating leases for office space and various obligations for development and exploratory expenditures that arise from our normal capital expenditure program or from other transactions common to our industry, none of which are recorded on our balance sheet. In addition, in order to recover our undeveloped proved reserves, we must also fund the associated future development costs estimated in our proved reserve reports.

Our commitments and obligations consist of those detailed as of December 31, 2014 in our Form 10-K under *Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Resources and Liquidity – Commitments and Obligations*.

## RESULTS OF OPERATIONS

Our tertiary operations represent a significant portion of our overall operations and are our primary long-term strategic focus. The economics of a tertiary field and the related impact on our financial statements differ from a conventional oil and gas play, and we have outlined certain of these differences in our Form 10-K and other public disclosures. Our focus on these types of operations impacts certain trends in both current and long-term operating results. Please refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Overview of Tertiary Operations* in our Form 10-K for further information regarding these matters.

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### Denbury Resources Inc. Management's Discussion and Analysis of Financial Condition and Results of Operations

#### Operating Results Table

Certain of our operating results and statistics for the comparative three months ended March 31, 2015 and 2014 are included in the following table:

<i>In thousands, except per share and unit data</i>	Three Months Ended	
	March 31,	
	2015	2014
<b>Operating results</b>		
Net income (loss)	\$ (107,746)	\$ 58,310
Net income (loss) per common share – basic	(0.31)	0.17
Net income (loss) per common share – diluted	(0.31)	0.17
Dividends declared per common share	0.0625	0.0625
Net cash provided by operating activities	137,764	214,858
<b>Average daily production volumes</b>		
Bbls/d	70,564	69,834
Mcf/d	22,752	23,299
BOE/d <sup>(1)</sup>	74,356	73,718
<b>Operating revenues</b>		
Oil sales	\$ 292,270	\$ 613,980
Natural gas sales	5,200	9,866
Total oil and natural gas sales	<u>\$ 297,470</u>	<u>\$ 623,846</u>
<b>Commodity derivative contracts <sup>(2)</sup></b>		
Receipt (payment) on settlements of commodity derivatives	\$ 148,465	\$ (27,169)
Noncash fair value adjustments on commodity derivatives <sup>(3)</sup>	(65,389)	(49,500)
Commodity derivatives income (expense)	<u>\$ 83,076</u>	<u>\$ (76,669)</u>
<b>Unit prices – excluding impact of derivative settlements</b>		
Oil price per Bbl	\$ 46.02	\$ 97.69
Natural gas price per Mcf	2.54	4.71
<b>Unit prices – including impact of derivative settlements <sup>(2)</sup></b>		
Oil price per Bbl	\$ 69.28	\$ 93.46
Natural gas price per Mcf	2.91	4.41
<b>Oil and natural gas operating expenses</b>		
Lease operating expenses	\$ 141,084	\$ 170,379
Marketing expenses, net of third-party purchases, and plant operating expenses	9,843	12,263
Production and ad valorem taxes	22,899	42,414
<b>Oil and natural gas operating revenues and expenses per BOE</b>		
Oil and natural gas revenues	\$ 44.45	\$ 94.03
Lease operating expenses	21.08	25.68
Marketing expenses, net of third-party purchases, and plant operating expenses	1.47	1.84
Production and ad valorem taxes	3.42	6.39
<b>CO<sub>2</sub> sources and helium – revenues and expenses</b>		
CO <sub>2</sub> and helium sales and transportation fees	\$ 6,972	\$ 10,761
CO <sub>2</sub> and helium discovery and operating expenses	(947)	(5,205)
CO <sub>2</sub> and helium revenue and expenses, net	<u>\$ 6,025</u>	<u>\$ 5,556</u>

(1) Barrel of oil equivalent using the ratio of one barrel of oil to six Mcf of natural gas ("BOE").

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- (2) See also *Commodity Derivative Contracts* below and *Item 3. Quantitative and Qualitative Disclosures about Market Risk* for information concerning our derivative transactions.
- (3) Noncash fair value adjustments on commodity derivatives is a non-GAAP measure and is different from "Commodity derivatives expense (income)" in the Unaudited Condensed Consolidated Statements of Operations in that the noncash fair value adjustments on commodity derivatives represents only the net change between periods of the fair market values of commodity derivative positions, and excludes the impact of settlements on commodity derivatives during the period, which were receipts on settlements of \$148.5 million for the three months ended March 31, 2015, and payments on settlements of \$27.2 million for the three months ended March 31, 2014. We believe that noncash fair value adjustments on commodity derivatives is a useful supplemental disclosure to "Commodity derivatives expense (income)" in order to differentiate noncash fair market value adjustments from settlements on commodity derivatives during the period. This supplemental disclosure is widely used within the industry and by securities analysts, banks and credit rating agencies in calculating EBITDA and in adjusting net income to present those measures on a comparative basis across companies, as well as to assess compliance with certain debt covenants. Noncash fair value adjustments on commodity derivatives is not a measure of financial or operating performance under GAAP, nor should it be considered in isolation or as a substitute for "Commodity derivatives expense (income)" in the Unaudited Condensed Consolidated Statements of Operations.

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**Production**

Average daily production by area for each of the four quarters of 2014 and for the first quarter of 2015 is shown below:

<i>Operating Area</i>	Average Daily Production (BOE/d)				
	First Quarter 2014	Second Quarter 2014	Third Quarter 2014	Fourth Quarter 2014	First Quarter 2015
<b>Tertiary oil production</b>					
<b><i>Gulf Coast region</i></b>					
Mature properties:					
Brookhaven	1,877	1,818	1,767	1,579	1,612
Eucutta	2,181	2,150	2,224	1,995	1,905
Mallalieu	1,837	1,839	1,869	1,653	1,574
Other mature properties <sup>(1)</sup>	6,283	6,156	6,189	5,864	5,710
Total mature properties	12,178	11,963	12,049	11,091	10,801
Delhi <sup>(2)</sup>	4,708	4,543	4,377	3,743	3,551
Hastings	4,618	4,759	4,917	4,811	4,694
Heidelberg	5,325	5,609	5,721	6,164	6,027
Oyster Bayou	4,055	4,415	4,605	5,638	5,861
Tinsley	8,430	8,518	8,310	8,767	8,928
Total Gulf Coast region	39,314	39,807	39,979	40,214	39,862
<b><i>Rocky Mountain region</i></b>					
Bell Creek	578	1,090	1,648	1,659	1,965
Total Rocky Mountain region	578	1,090	1,648	1,659	1,965
Total tertiary oil production	39,892	40,897	41,627	41,873	41,827
<b>Non-tertiary oil and gas production</b>					
<b><i>Gulf Coast region</i></b>					
Mississippi	2,513	2,319	2,346	2,099	1,761
Texas	6,444	6,508	5,537	6,677	6,490
Other	1,031	1,049	1,083	1,082	1,006
Total Gulf Coast region	9,988	9,876	8,966	9,858	9,257
<b><i>Rocky Mountain region</i></b>					
Cedar Creek Anticline	19,007	19,155	18,623	18,553	18,522
Other	4,831	5,392	4,594	4,591	4,750
Total Rocky Mountain region	23,838	24,547	23,217	23,144	23,272
Total non-tertiary production	33,826	34,423	32,183	33,002	32,529
<b>Total production</b>	<b>73,718</b>	<b>75,320</b>	<b>73,810</b>	<b>74,875</b>	<b>74,356</b>

(1) Other mature properties include Cranfield, Little Creek, Lockhart Crossing, Martinville, McComb and Soso fields.

(2) The average daily Delhi Field production amounts for the fourth quarter of 2014 and the first quarter of 2015 reflect the reversionary assignment of approximately 25% of our interest in that field effective November 1, 2014. The effectiveness, timing, and scope of the reversionary assignment are subject to ongoing litigation, the ultimate outcome of which cannot be predicted.



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##### Total Production

Total production during the first quarter of 2015 averaged 74,356 BOE/d, a slight increase compared to first quarter of 2014 production levels of 73,718 BOE/d, as production increases at our newer tertiary floods offset the decreases in our mature properties and lower production resulting from the decrease in ownership interest at Delhi Field as of November 1, 2014, due to a contractual reversionary assignment of approximately 25% of our interest to the seller of the field. Our production during the three months ended March 31, 2015 was 95% oil, consistent with oil production during the three months ended March 31, 2014 and December 31, 2014.

##### Tertiary Production

Oil production from our tertiary operations during the first quarter of 2015 increased 1,935 Bbls/d (5%) compared to tertiary production levels in the same period in 2014 and was relatively unchanged when comparing tertiary production between the first quarter of 2015 and fourth quarter of 2014. The year-over-year increase was primarily due to production growth in response to continued field development and expansion of facilities in our tertiary floods at Heidelberg, Oyster Bayou, and Tinsley fields in our Gulf Coast region, and Bell Creek Field in our Rocky Mountain region. Partially offsetting the increases were production declines in our mature tertiary fields, as well as the decrease in our ownership interest in Delhi Field due to the November 1, 2014, contractual reversionary assignment of approximately 25% of our interest to the seller of the field, the effectiveness, timing, and scope of which are subject to ongoing litigation.

##### Non-Tertiary Production

Production from our non-tertiary operations averaged 32,529 BOE/d during the first quarter of 2015, a decrease of 1,297 BOE/d (4%) compared to the first quarter of 2014 levels, and decreased slightly (1%) when compared to the fourth quarter of 2014 levels. These decreases from the first quarter of 2014 were primarily due to declines at our Mississippi non-tertiary fields and Cedar Creek Anticline ("CCA"). Additionally, natural gas production at Riley Ridge remained shut-in during the first quarter of 2015, compared to averaging 1,639 Mcf/d (273 BOE/d) in the first quarter of 2014. We currently expect natural gas production at Riley Ridge will continue to be shut-in due to natural gas supply well failures related to sulfur build-up in those wells until sometime in 2016. Production from our other non-tertiary properties is generally on decline, and in some instances the decline is pronounced when non-tertiary wells are shut in as part of an initiation or expansion of our tertiary floods in a field or an area of a field.

##### Oil and Natural Gas Revenues

Our oil and natural gas revenues decreased 52% during the three months ended March 31, 2015 compared to these revenues for the same period in 2014. The changes in our oil and natural gas revenues are due to changes in production quantities and commodity prices (excluding any impact of our commodity derivative contracts), as reflected in the following table:

<i>In thousands</i>	Three Months Ended March 31, 2015 vs. 2014	
	Increase (Decrease) in Revenues	Percentage Increase (Decrease) in Revenues
Change in oil and natural gas revenues due to:		
Increase in production	\$ 5,406	1 %
Decrease in commodity prices	(331,782)	(53)%
Total decrease in revenues	<u>\$ (326,376)</u>	<u>(52)%</u>

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Excluding any impact of our commodity derivative contracts, our net realized commodity prices and NYMEX differentials were as follows during the three months ended March 31, 2015 and 2014:

	Three Months Ended	
	March 31,	
	2015	2014
<b>Net realized prices:</b>		
Oil price per Bbl	\$ 46.02	\$ 97.69
Natural gas price per Mcf	2.54	4.71
Price per BOE	44.45	94.03
<b>NYMEX differentials:</b>		
Oil per Bbl	\$ (2.81)	\$ (0.91)
Natural gas per Mcf	(0.28)	(0.02)

As reflected in the table above, our average net realized oil price, excluding the impact of commodity derivative contracts, decreased 53% during the first quarter of 2015 from the average price received during the first quarter of 2014. Company-wide average oil price differentials in the first quarter of 2015 were \$2.81 per Bbl below NYMEX, compared to an average differential of \$0.91 per Bbl below NYMEX in the first quarter of 2014. During the first quarter of 2015, we sold approximately 42% of our crude oil at prices based on the LLS index price, approximately 23% at prices partially tied to the LLS index price, and the balance at prices based on various other indexes tied to NYMEX prices, primarily in the Rocky Mountain region. These percentages were consistent with those realized during the first quarter of 2014. The oil differentials we received in the Gulf Coast and Rocky Mountain regions are discussed in further detail below.

Prices received in a regional market fluctuate frequently and can differ from NYMEX pricing due to a variety of reasons, including supply and/or demand factors and location differentials. Our average NYMEX oil differential in the Gulf Coast region was a negative \$0.29 per Bbl and a positive \$3.05 per Bbl during the three months ended March 31, 2015 and 2014, respectively, and a positive \$1.20 per Bbl during the three months ended December 31, 2014. These differentials are impacted significantly by the changes in prices received for our crude oil sold under LLS index prices relative to the change in NYMEX prices. This quarterly average LLS-to-NYMEX differential (on a trade-month basis) decreased from a positive \$6.06 per Bbl in the first quarter of 2014 to a positive \$3.16 per Bbl in the fourth quarter of 2014 and a positive \$2.60 per Bbl in the first quarter of 2015, with the two most recent quarters being more representative of longer-term historical differentials.

NYMEX oil differentials in the Rocky Mountain region averaged \$7.75 per Bbl and \$9.06 per Bbl below NYMEX during the three months ended March 31, 2015 and 2014, respectively, and \$9.28 per Bbl below NYMEX during the three months ended December 31, 2014. Differentials in the Rocky Mountain region can move significantly over short periods of time due to refinery and transportation issues, but are showing signs of greater stability as infrastructure and takeaway capacity improve in the region.

Our natural gas NYMEX differentials are generally caused by movement in the NYMEX natural gas prices during the month, as most of our natural gas is sold on an index price that is set near the first of each month. While the percentage change in NYMEX natural gas differentials can be quite large, the absolute impact of these changes on our results has historically been minor, as natural gas sales represented only approximately 2% of our oil and natural gas revenues during the three months ended March 31, 2015.

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#### Commodity Derivative Contracts

The following tables summarize the impact our oil and natural gas derivative contracts had on our operating results for the three months ended March 31, 2015 and 2014:

In thousands	Three Months Ended March 31,							
	2015		2014		2015		2014	
	Crude Oil Derivative Contracts		Natural Gas Derivative Contracts		Total Commodity Derivative Contracts			
Receipt (payment) on settlements of commodity derivatives	\$ 147,716	\$ (26,559)	\$ 749	\$ (610)	\$ 148,465	\$ (27,169)		
Noncash fair value adjustments on commodity derivatives <sup>(1)</sup>	(65,122)	(48,854)	(267)	(646)	(65,389)	(49,500)		
Total income (expense)	\$ 82,594	\$ (75,413)	\$ 482	\$ (1,256)	\$ 83,076	\$ (76,669)		

(1) Noncash fair value adjustments on commodity derivatives is a non-GAAP measure. See *Operating Results Table* above for a discussion of the reconciliation between noncash fair value adjustments on commodity derivatives to "Commodity derivatives expense (income)" in the Unaudited Condensed Consolidated Statements of Operations.

For the remainder of 2015, we have commodity derivative contracts consisting of a combination of enhanced swaps, collars, and three-way collars covering a total of 58,000 Bbls/d for the second and third quarters of 2015 and 38,000 Bbls/d for the fourth quarter of 2015. Roughly half of these 2015 derivative contracts are collars and three-way collars, so the variability in potential cash flows from these types of hedges exposes us to more downside price risk than our enhanced swaps. These 2015 collars and three-way collars, which include both NYMEX and LLS hedges, have a weighted average floor of approximately \$82 per Bbl (approximately \$81 per Bbl and \$87 per Bbl for NYMEX and LLS hedges, respectively) and a weighted average ceiling price of approximately \$97 per Bbl (approximately \$95 per Bbl and \$101 per Bbl for NYMEX and LLS hedges, respectively). Our three-way collars and enhanced swaps all include sold puts that have a weighted average price of approximately \$67 per Bbl. The sold puts for our three-way collars and enhanced swaps limit the benefit that our hedges provide us to the extent that oil prices remain below the price of our sold puts.

Changes in commodity prices and the expiration of contracts cause fluctuations in the estimated fair value of our oil and natural gas derivative contracts. Because we do not utilize hedge accounting for our commodity derivative contracts, the period-to-period changes in the fair value of these contracts, as outlined above, are recognized in our statements of operations. The details of our outstanding commodity derivative contracts at March 31, 2015, are included in Note 4, *Commodity Derivative Contracts*, to the Unaudited Condensed Consolidated Financial Statements. Also, see Item 3, *Quantitative and Qualitative Disclosures about Market Risk* below for additional discussion on our commodity derivative contracts.

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### Production Expenses

#### Lease Operating Expense

<i>In thousands, except per-BOE data</i>	Three Months Ended	
	March 31,	
	2015	2014
Lease operating expense		
Tertiary	\$ 85,459	\$ 97,698
Non-tertiary	55,625	72,681
Total lease operating expense	\$ 141,084	\$ 170,379
Lease operating expense per BOE		
Tertiary	\$ 22.70	\$ 27.21
Non-tertiary	19.00	23.87
Total lease operating expense per BOE	21.08	25.68

We have seen many of our lease operating costs decline as a result of our cost reduction efforts throughout 2014 and early 2015, as well as general market decreases in the prices of many of the components of these costs. Total lease operating expenses decreased \$29.3 million (17%) on an absolute-dollar basis or \$4.60 (18%) on a per-BOE basis during the three months ended March 31, 2015 compared to 2014 levels. When comparing the first quarter of 2015 to the fourth quarter of 2014, lease operating expenses, excluding Delhi Field remediation costs, decreased \$14.9 million (10%) on an absolute-dollar basis or \$1.56 (7%) on a per-BOE basis. The year-over-year and sequential quarter declines were due to cost decreases in most categories of lease operating expenses, the most significant of which including (1) a decrease in workover costs, (2) lower power cost and usage, (3) lower CO<sub>2</sub> expense resulting from a decrease in Gulf Coast region CO<sub>2</sub> injection volumes and a decrease in the cost of CO<sub>2</sub> during both comparative periods, which correlates with oil prices, and (4) lower third-party contractor and vendor expenses such as contract labor and chemical costs.

Tertiary lease operating expenses decreased \$12.2 million (13%) on an absolute-dollar basis or \$4.51 (17%) on a per-barrel basis during the first quarter of 2015 compared to the first quarter of 2014. When comparing the first quarter of 2015 to the fourth quarter of 2014, tertiary lease operating expenses, excluding Delhi Field remediation costs, decreased \$7.4 million (8%) or \$1.40 (6%) on a per-barrel basis. The year-over-year and sequential quarter declines were primarily due to (1) lower workover costs, (2) lower power costs due to lower rates and usage, (3) lower CO<sub>2</sub> expense resulting from a decrease in Gulf Coast region CO<sub>2</sub> injection volumes and a decrease in the cost of CO<sub>2</sub> during both comparative periods, which correlates with oil prices, and (4) lower third-party contractor and vendor expenses such as contract labor and chemical costs. Although there was a sequential-quarter increase in company-wide CO<sub>2</sub> utilization due to increased injection volumes at our newest tertiary flood at Bell Creek Field in the Rocky Mountain region, CO<sub>2</sub> utilization in the Gulf Coast region decreased 1% sequentially and 7% when compared to prior year as a result of improved efficiency and utilization of CO<sub>2</sub> for those fields. The reduction in CO<sub>2</sub> utilization is in part due to our innovation and improvement initiatives, under which we are doing a bottom-up review of each of our fields. In addition, our operating costs on a per-barrel basis have improved from the first quarter of 2014, as our expense at Bell Creek Field has decreased on a per-BOE basis when comparing the first quarter of 2015 to the same period in 2014, due primarily to continued production increases. For any specific field, we expect our tertiary lease operating expense per barrel to be high initially, as we experienced in 2013 and 2014 with our Bell Creek flood, and then decrease as production increases, ultimately leveling off until production begins to decline in the later life of the field, when operating expense per barrel will again increase.

Currently, our CO<sub>2</sub> expense comprises approximately one-fourth of our typical tertiary lease operating expenses, and for the CO<sub>2</sub> reserves we already own, consists of CO<sub>2</sub> production expenses, and for the CO<sub>2</sub> reserves we do not own, consists of our purchase of CO<sub>2</sub> from royalty and working interest owners and industrial sources. During the three months ended March 31, 2015 and 2014, approximately 63% and 65%, respectively, of the CO<sub>2</sub> utilized in our CO<sub>2</sub> floods consisted of CO<sub>2</sub> owned and produced by us. The price we pay others for CO<sub>2</sub> varies by source and is generally indexed to oil prices. When combining the production

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cost of the CO<sub>2</sub> we own with what we pay third parties for CO<sub>2</sub>, our average cost of CO<sub>2</sub> during the first quarter of 2015 was approximately \$0.29 per Mcf, including taxes paid on CO<sub>2</sub> production but excluding depletion and depreciation of capital. This rate during the first quarter of 2015 was lower than the \$0.32 per Mcf comparable measure during the fourth quarter of 2014 and \$0.35 per Mcf during the first quarter of 2014, primarily driven by reductions in commodity costs due to the significant decline in oil prices. Including the cost of depreciation and amortization of capital expended at our CO<sub>2</sub> source fields and industrial sources, but excluding depreciation of our CO<sub>2</sub> pipelines, our cost of CO<sub>2</sub> was \$0.39 per Mcf and \$0.46 per Mcf during the first quarters of 2015 and 2014, respectively.

Non-tertiary lease operating expenses decreased \$17.1 million (23%) on an absolute-dollar basis and \$4.87 (20%) on a per-BOE basis between the three months ended March 31, 2015 and 2014, and decreased \$7.5 million (12%) on an absolute-dollar basis and \$1.79 (9%) on a per-BOE basis between the fourth quarter of 2014 and the first quarter of 2015. The year-over-year and sequential quarter decreases were primarily due to lower workover costs, repairs and maintenance costs, and other third-party costs for contract labor and consulting services during the first quarter of 2015.

#### *Marketing and Plant Operating Expenses*

Marketing and plant operating expenses primarily consist of amounts incurred relating to the marketing, processing, and transportation of oil and natural gas production, as well as expenses related to our Riley Ridge gas processing facility. Marketing and plant operating expenses decreased \$5.1 million (30%) between the three months ended March 31, 2015 and 2014, primarily due to reductions in marketing, compression, and plant processing fees, as well as reductions related to the Riley Ridge gas processing facility, which is currently shut-in.

#### *Taxes Other Than Income*

Taxes other than income includes ad valorem, production and franchise taxes. Taxes other than income decreased \$19.3 million during the three months ended March 31, 2015, compared to the same period in 2014. The levels of taxes other than income during most periods are generally aligned with fluctuations in oil and natural gas revenues. The decrease in 2015 is also attributable to severance tax reductions at Hastings Field and Oyster Bayou Field, which reduced severance taxes by approximately \$1 million in the first quarter of 2015 related to state-approved enhanced oil recovery project exemptions that were approved in the second half of 2014 and reduce severance taxes for those fields for approximately the next seven years.

#### *General and Administrative Expenses ("G&A")*

<i>In thousands, except per-BOE data and employees</i>	Three Months Ended	
	March 31,	
	2015	2014
Gross cash compensation and administrative costs	\$ 95,280	\$ 91,997
Gross stock-based compensation	11,059	11,226
Operator labor and overhead recovery charges	(42,128)	(43,140)
Capitalized exploration and development costs	(17,931)	(16,390)
Net G&A expense	<u>\$ 46,280</u>	<u>\$ 43,693</u>
G&A per BOE:		
Net administrative costs	\$ 5.89	\$ 5.46
Net stock-based compensation	1.03	1.13
Net G&A expense	<u>\$ 6.92</u>	<u>\$ 6.59</u>
Employees as of March 31	1,496	1,498

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### Denbury Resources Inc.

#### *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Gross cash compensation and administrative costs on an absolute-dollar basis increased \$3.3 million (4%) primarily due to higher employee-related insurance costs and professional service fees between the three months ended March 31, 2015 and 2014. Net G&A expense increased \$2.6 million (6%) on an absolute-dollar basis and \$0.33 (5%) on a per-BOE basis over the same period, primarily based on the changes noted in gross cash compensation and administrative costs, as total operator labor and overhead recovery charges and capitalized exploration and developments costs remained relatively unchanged on a combined basis.

Our well operating agreements allow us, when we are the operator, to charge a well with a specified overhead rate during the drilling phase and also to charge a monthly fixed overhead rate for each producing well. In addition, salaries associated with field personnel are initially recorded as gross cash compensation and administrative costs and subsequently reclassified to lease operating expenses or capitalized to field development costs to the extent those individuals are dedicated to oil and gas production, exploration, and development activities. Capitalized exploration and development costs increased 9% between the three months ended March 31, 2015 and 2014, primarily due to increased compensation costs subject to capitalization.

#### *Interest and Financing Expenses*

<i>In thousands, except per-BOE data and interest rates</i>	Three Months Ended	
	March 31,	
	2015	2014
Cash interest expense	\$ 46,287	\$ 51,071
Noncash interest expense	2,221	3,519
Less: capitalized interest	(8,409)	(5,756)
Interest expense, net	\$ 40,099	\$ 48,834
Interest expense, net per BOE	\$ 5.99	\$ 7.36
Average debt outstanding	\$ 3,615,918	\$ 3,521,495
Average interest rate <sup>(1)</sup>	5.1%	5.8%

(1) Includes commitment fees but excludes debt issue costs and amortization of discount or premium.

As reflected in the table above, our average interest rate declined between the first quarter of 2014 and 2015 due to our April 2014 long-term debt refinancing, whereby we issued \$1.25 billion of 5½% Senior Subordinated Notes due 2022 to replace our \$996.3 million of 8¼% Senior Subordinated Notes due 2020. Capitalized interest during the first quarter of 2015 was \$2.7 million (46%) higher than the prior-year period primarily due to incremental capitalized interest on projects that qualify for interest capitalization.

**Table of Contents****Denbury Resources Inc.****Management's Discussion and Analysis of Financial Condition and Results of Operations****Depletion, Depreciation and Amortization ("DD&A")**

<i>In thousands, except per-BOE data</i>	Three Months Ended March 31,	
	2015	2014
Depletion and depreciation of oil and natural gas properties	\$ 116,347	\$ 108,159
Depletion and depreciation of CO <sub>2</sub> properties	8,212	7,958
Asset retirement obligations	2,327	2,201
Depreciation of pipelines, plants and other property and equipment	23,072	22,812
<b>Total DD&amp;A</b>	<b>\$ 149,958</b>	<b>\$ 141,130</b>
<b>DD&amp;A per BOE:</b>		
Oil and natural gas properties	\$ 17.73	\$ 16.63
CO <sub>2</sub> , pipelines, plants and other property and equipment	4.68	4.64
<b>Total DD&amp;A cost per BOE</b>	<b>\$ 22.41</b>	<b>\$ 21.27</b>

We adjust our DD&A rate each quarter for significant changes in our estimates of oil and natural gas reserves and costs. In addition, under full cost accounting rules, the divestiture of oil and gas properties generally does not result in gain or loss recognition; instead, the proceeds of the disposition reduce the full cost pool. As such, our DD&A rate has changed significantly over time, and it may continue to change in the future. Depletion and depreciation of oil and natural gas properties and asset retirement obligations increased 8% on an absolute-dollar basis and 7% on a per-BOE basis between the three months ended March 31, 2015 and 2014 as a result of a higher depletion rate per BOE compared to the same period in 2014 due to higher development costs. When comparing these costs in the first quarter of 2015 to those in the fourth quarter of 2014, depletion and depreciation of oil and natural gas properties and asset retirement obligations decreased \$6.5 million (5%) on an absolute-dollar basis and \$0.44 (2%) on a per-BOE basis.

Depletion and depreciation of our CO<sub>2</sub> properties, pipelines, plants and other property and equipment increased 2% on an absolute-dollar basis and remained relatively flat on a per-BOE basis during the three months ended March 31, 2015, compared to the same period in 2014, primarily due to a slight increase in CO<sub>2</sub> properties, pipelines, and plants subject to depreciation as a result of continued development as well as a reduction in CO<sub>2</sub> reserves primarily related to production.

**Full Cost Pool Ceiling Test Write-Down**

Under full cost accounting rules, we are required each quarter to perform a ceiling test calculation. Under these rules, the full cost ceiling value is calculated using the average first-day of the month oil and natural gas price for each month during a 12-month rolling period ended as of each quarterly reporting period. NYMEX prices decreased precipitously in the fourth quarter of 2014 and ended the first quarter of 2015 at \$47.60 per Bbl, with first-day-of-the-month prices for the preceding 12 months, after adjustments for market differentials by field, of \$79.55 per Bbl for crude oil and \$3.95 per Mcf for natural gas. These prices represent a decrease of 13% and 8% in crude oil and natural gas prices, respectively, compared to adjusted prices used to calculate the December 31, 2014, full cost ceiling value. Because of the significant decrease in pricing during the fourth quarter of 2014 and its continued decline in the first quarter of 2015, we recognized a full cost pool ceiling test write-down of \$146.2 million during the three months ended March 31, 2015. If oil prices remain at or near late-April 2015 levels in subsequent periods, we expect that we could record significantly larger write-downs in subsequent quarters, as the 12-month average price used in determining the full cost ceiling value will continue to decline during each rolling quarterly period in 2015. The possibility and amount of any future write-down or impairment is difficult to predict, and will depend, in part, upon oil and natural gas prices, the incremental proved reserves that may be added each period, revisions to previous reserve estimates and future capital expenditures and operating costs.



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### Denbury Resources Inc.

#### Management's Discussion and Analysis of Financial Condition and Results of Operations

#### Impairment Assessment of Goodwill

We test goodwill for impairment annually during the fourth quarter; however, as a result of the relationship between our market capitalization and our book value of stockholders' equity and the sustained decrease in our share price, we also performed a goodwill impairment assessment as of March 31, 2015. Because our enterprise value (combined market capitalization plus a control premium of 10% and the fair value of our long-term debt) was below the combined book value of our stockholders' equity and long-term debt as of March 31, 2015, we were required to proceed to step two of the goodwill impairment test. Oil and natural gas reserves, which represent the most significant assets requiring valuation, were estimated using the expected present value of future cash flows method based on March 31, 2015, NYMEX oil and natural gas futures prices for the next five years, which ranged from approximately \$52 per Bbl to \$64 per Bbl for oil and \$3 per MMBtu to \$4 per MMBtu for natural gas, adjusted for current price differentials. Consistent with the results of our fourth quarter 2014 goodwill analysis, the implied fair value of goodwill calculated in this quantitative assessment significantly exceeded the corresponding book value of goodwill. Therefore, we did not record any goodwill impairment during the first quarter of 2015, nor have we recorded a goodwill impairment historically. The cushion between the implied fair value of goodwill and book value of goodwill is due to our enterprise value declining at a slower rate than NYMEX oil futures prices, which were used in the step-two valuation of our oil reserves. A significant change in the assumptions noted above, including future oil and natural gas prices, or a significant decrease in our enterprise value could lead to an impairment of goodwill in future periods. For example, calculations based upon future oil and natural gas prices approximately 20% higher than those at March 31, 2015, without a change in enterprise value or change in other cash flow assumptions, likely would have required a partial impairment of goodwill at March 31, 2015.

Please refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates – Impairment Assessment of Goodwill* in the Form 10-K for a complete discussion of the goodwill impairment test, including a discussion of relevant inputs, factors resulting in the deficit of enterprise value to book value, and the resulting cushion between implied fair value of goodwill and book value of goodwill.

#### Income Taxes

<i>In thousands, except per-BOE amounts and tax rates</i>	Three Months Ended	
	March 31,	
	2015	2014
Current income tax expense	\$ 1,575	\$ 4,618
Deferred income tax expense (benefit)	(66,036)	30,175
Total income tax expense (benefit)	\$ (64,461)	\$ 34,793
Average income tax expense (benefit) per BOE	\$ (9.63)	\$ 5.24
Effective tax rate	37.4%	37.4%

Our income taxes are based on estimated statutory rates of approximately 38% in the first quarters of 2015 and 2014. Our effective tax rate for the three months ended March 31, 2015 was slightly lower than our estimated statutory rate, primarily due to the impact of the tax benefit from the ceiling test write-down recorded at March 31, 2015. Our effective tax rate for the first quarter of 2014 was slightly below our estimated statutory rate, primarily due to the utilization of the domestic production activities deduction. The amounts recorded as current income tax expense represent our federal taxes, reduced by enhanced oil recovery credits, plus our state income taxes, during the three months ended March 31, 2015 and 2014.

As of March 31, 2015, we had an estimated \$42.8 million of enhanced oil recovery credits to carry forward related to our tertiary operations and \$34.8 million of alternative minimum tax credits that can be utilized to reduce our current income taxes during 2015 or future years. These enhanced oil recovery credits do not begin to expire until 2024. Since the ability to earn additional enhanced oil recovery credits is currently based upon a phased-out IRS reference price cap of approximately \$52 per Bbl, we would not currently expect to earn additional enhanced oil recovery credits unless oil prices were to continue to decline from those realized in early May 2015.



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### Denbury Resources Inc. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

#### *Per-BOE Data*

The following table summarizes our cash flow and results of operations on a per-BOE basis for the comparative periods. Each of the significant individual components is discussed above.

<i>Per-BOE data</i>	Three Months Ended	
	March 31,	
	2015	2014
Oil and natural gas revenues	\$ 44.45	\$ 94.03
Receipt (payment) on settlements of commodity derivatives	22.19	(4.10)
Lease operating expenses	(21.08)	(25.68)
Production and ad valorem taxes	(3.42)	(6.39)
Marketing expenses, net of third-party purchases, and plant operating expenses	(1.47)	(1.84)
Production netback	40.67	56.02
CO <sub>2</sub> and helium sales, net of operating and exploration expenses	0.90	0.84
General and administrative expenses	(6.92)	(6.59)
Interest expense, net	(5.99)	(7.36)
Other	0.55	0.60
Changes in assets and liabilities relating to operations	(8.62)	(11.13)
Cash flows from operations	20.59	32.38
DD&A	(22.41)	(21.27)
Write-down of oil and natural gas properties	(21.85)	—
Deferred income taxes	9.87	(4.55)
Noncash fair value adjustments on commodity derivatives	(9.78)	(7.46)
Other noncash items	7.48	9.69
Net income (loss)	\$ (16.10)	\$ 8.79

#### **CRITICAL ACCOUNTING POLICIES**

For additional discussion of our critical accounting policies, which remain unchanged, see *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Form 10-K.

#### **FORWARD-LOOKING INFORMATION**

The statements contained in this Quarterly Report on Form 10-Q that are not historical facts, including, but not limited to, statements found in the section *Management's Discussion and Analysis of Financial Condition and Results of Operations*, are forward-looking statements, as that term is defined in Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve a number of risks and uncertainties. Such forward-looking statements may be or may concern, among other things, forecasted production, cash flows and capital expenditures, levels of dividend payments in future periods, drilling activity or methods including the timing and location thereof, pending or planned acquisitions or dispositions, development activities, estimated timing of completion of pipeline construction and the cost thereof, timing of CO<sub>2</sub> injections and initial production responses thereto, cost savings, production rates and volumes or forecasts thereof, hydrocarbon reserve quantities and values, CO<sub>2</sub> reserves and their availability, helium reserves, potential reserves, percentages of recoverable original oil in place, hydrocarbon prices, pricing or cost assumptions based on current and projected oil and gas prices, cost and availability of equipment and services, liquidity, availability of capital, borrowing capacity, regulatory matters, prospective legislation affecting the oil and gas industry, mark-to-market values, possible asset impairments, competition, long-term forecasts of production, finding costs, rates of return, estimated costs, estimates of the range of potential insurance recoveries, estimates of costs of remedial activities, changes in costs, future capital expenditures and overall economics and other variables surrounding our operations and future

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### Denbury Resources Inc.

#### *Management's Discussion and Analysis of Financial Condition and Results of Operations*

plans. Such forward-looking statements generally are accompanied by words such as "plan," "estimate," "expect," "predict," "to our knowledge," "anticipate," "projected," "preliminary," "should," "assume," "believe," "may," or other words that convey, or are intended to convey, the uncertainty of future events or outcomes. Such forward-looking information is based upon management's current plans, expectations, estimates, and assumptions and is subject to a number of risks and uncertainties that could significantly and adversely affect current plans, anticipated actions, the timing of such actions and the Company's financial condition and results of operations. As a consequence, actual results may differ materially from expectations, estimates or assumptions expressed in or implied by any forward-looking statements made by or on behalf of the Company. Among the factors that could cause actual results to differ materially are fluctuations in worldwide oil prices or in U.S. oil and/or natural gas prices and consequently in the prices received or demand for the Company's oil and natural gas; decisions as to production levels and/or pricing by OPEC in future periods; levels of future capital expenditures; effects of our indebtedness; success of our risk management techniques; inaccurate cost estimates; availability of and fluctuations in the prices of goods and services; the uncertainty of drilling results; operating hazards and remediation costs; disruption of operations and damages from well incidents, hurricanes, tropical storms, or forest fires; acquisition risks; requirements for capital or its availability; conditions in the worldwide financial and credit markets; general economic conditions; competition; government regulations, including tax and environmental; and unexpected delays, as well as the risks and uncertainties inherent in oil and gas drilling and production activities or that are otherwise discussed in this quarterly report, including, without limitation, the portions referenced above, and the uncertainties set forth from time to time in the Company's other public reports, filings and public statements including, without limitation, the Company's most recent Form 10-K.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk***Debt and Interest Rate Sensitivity*

We finance some of our acquisitions and other expenditures with fixed and variable rate debt. These debt agreements expose us to market risk related to changes in interest rates. As of March 31, 2015, we had \$465.0 million in outstanding borrowings on our bank credit facility. At this level of variable-rate debt, an increase or decrease of 10% in interest rates would have an immaterial effect on our interest expense. None of our existing debt has any triggers or covenants regarding our debt ratings with rating agencies, although under the NEJD financing lease, in the event of significant downgrades of our corporate credit rating by the rating agencies, certain credit enhancements can be required from us, and possibly other remedies made available under the lease.

The following table presents the principal balances of our debt, by maturity date, as of March 31, 2015:

<i>In thousands</i>	2015	2017	2019	2021	2022	2023	Total
<b>Variable rate debt:</b>							
Bank Credit Facility (weighted average interest rate of 1.5% at March 31, 2015)	\$ —	\$ —	\$ 465,000	\$ —	\$ —	\$ —	\$ 465,000
<b>Fixed rate debt:</b>							
6 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes due 2021	—	—	—	400,000	—	—	400,000
5 <sup>1</sup> / <sub>2</sub> % Senior Subordinated Notes due 2022	—	—	—	—	1,250,000	—	1,250,000
4 <sup>5</sup> / <sub>8</sub> % Senior Subordinated Notes due 2023	—	—	—	—	—	1,200,000	1,200,000
Other Subordinated Notes	484	2,250	—	—	—	—	2,734

See Note 2, *Long-Term Debt*, to the Unaudited Condensed Consolidated Financial Statements for details regarding our long-term debt.

*Oil and Natural Gas Derivative Contracts*

From time to time, we enter into oil and natural gas derivative contracts to provide an economic hedge of our exposure to commodity price risk associated with anticipated future oil and natural gas production. These contracts have historically consisted of price floors, collars, three-way collars, fixed-price swaps, and fixed-price swaps enhanced with a sold put. We do not hold or issue derivative financial instruments for trading purposes. The production that we hedge has varied from year to year depending on our levels of debt, financial strength, and expectation of future commodity prices. For 2015, we have entered into a combination of enhanced swaps, collars, and three-way collars covering a total of 58,000 Bbls/d for the first three quarters of 2015 and 38,000 Bbls/d for the fourth quarter of 2015. Roughly half of these 2015 derivative contracts are collars and three-way collars, so the variability in potential cash flows from these types of hedges exposes us to more downside price risk than fixed-price swaps. In addition, the sold puts that are part of our three-way collars and enhanced swaps limit the benefit our hedges provide us to the extent oil prices remain below the price of our sold puts. We anticipate that we may use more fixed-price swaps in the future or a combination of fixed-price swaps and collars as we look to provide more certainty around our cash flows in order to execute on our capital development plans, pay dividends and retain a healthy balance sheet. See Notes 4 and 5 to the Unaudited Condensed Consolidated Financial Statements for additional information regarding our commodity derivative contracts.

All of the mark-to-market valuations used for our oil and natural gas derivatives are provided by external sources. We manage and control market and counterparty credit risk through established internal control procedures that are reviewed on an ongoing basis. We attempt to minimize credit risk exposure to counterparties through formal credit policies, monitoring procedures and diversification. All of our commodity derivative contracts are with parties that are lenders under our bank credit facility (or affiliates of such lenders). We have included an estimate of nonperformance risk in the fair value measurement of our oil and natural gas derivative contracts, which we have measured for nonperformance risk based upon credit default swaps or credit spreads.

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### Denbury Resources Inc.

For accounting purposes, we do not apply hedge accounting treatment to our oil and natural gas derivative contracts. This means that any changes in the fair value of these derivative contracts will be charged to earnings on a quarterly basis instead of charging the effective portion to other comprehensive income and the ineffective portion to earnings.

At March 31, 2015, our commodity derivative contracts were recorded at their fair value, which was a net asset of \$441.2 million, a \$65.3 million decrease from the \$506.5 million net asset recorded at December 31, 2014. This change is related to the expiration of commodity derivative contracts during the three months ended March 31, 2015 and to the changes in oil and natural gas futures prices between December 31, 2014 and March 31, 2015.

#### *Commodity Derivative Sensitivity Analysis*

Based on NYMEX and LLS crude oil futures prices and natural gas futures prices as of March 31, 2015, and assuming both a 10% increase and decrease thereon, we would expect to receive payments on our crude oil and natural gas derivative contracts as shown in the following table:

<i>In thousands</i>	Receipt / (Payment)	
	Crude Oil Derivative Contracts	Natural Gas Derivative Contracts
Based on:		
Futures prices as of March 31, 2015	\$ 464,908	\$ 2,659
10% increase in prices	433,921	2,107
10% decrease in prices	495,886	3,210

Our commodity derivative contracts are used as an economic hedge of our exposure to commodity price risk associated with anticipated future production. As a result, changes in receipts or payments of our commodity derivative contracts due to changes in commodity prices as reflected in the above table would be mostly offset by a corresponding increase or decrease in the cash receipts on sales of our oil or natural gas production to which those commodity derivative contracts relate.

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures.** As of the end of the period covered by this report, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) was performed under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2015, to ensure that information that is required to be disclosed in the reports the Company files and submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and that information that is required to be disclosed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

**Evaluation of Changes in Internal Control over Financial Reporting.** Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we have determined that, during the first quarter of fiscal 2015, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

**Item 1. Legal Proceedings**

We are involved in various lawsuits, claims and regulatory proceedings incidental to our businesses. While we currently believe that the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on our business or finances, litigation is subject to inherent uncertainties. Although a single or multiple adverse rulings or settlements could possibly have a material adverse effect on our business or finances, we only accrue for losses from litigation and claims if we determine that a loss is probable and the amount can be reasonably estimated.

In mid-2006, Denbury Onshore, LLC ("Denbury Onshore") purchased its original interest in the Delhi Field in northeastern Louisiana from NGS Sub Corp, ("NGS"), a subsidiary of Evolution Petroleum Corporation (together with its subsidiaries, "Evolution"). Under the purchase documents, Denbury Onshore committed to develop the enhanced production of a specific portion of Delhi Field, the Holt Bryant Unit, and after Denbury Onshore's receipt of a defined level of net cash flow from the Unit (as defined in the agreements, "payout"), to assign reversionary interests in the Unit back to NGS. After several years of dispute regarding payout calculations and related contractual terms, in December 2013, Evolution filed suit against Denbury Onshore in the 133rd Judicial District Court in Houston, Harris County, Texas for unspecified damages, alleging breach of contract, and requesting declaratory judgment as to various provisions of the purchase documents and accompanying oil and gas conveyancing instruments, including as to the method of calculation and timing of payout, the sharing of various costs, and the timing and extent of post-payout assignments from Denbury Onshore to NGS (the "Original Petition"). In February 2014, we filed an answer and counterclaim denying Evolution's claims and alleging breach of contract by Evolution for failing to convey the full interest for which we paid and violating our preferential purchase rights, and asking for declaratory judgment as to purchase document terms, including those pertaining to the determination of payout, the assignment provisions of the documents, and cost sharing.

In March 2015, Evolution filed its First Amended Petition, adding allegations of negligence and gross negligence against Denbury Onshore in connection with the June 2013 Delhi Field release of well fluids, the remediation of which was completed in the fourth quarter of 2013 (see Note 6, *Commitments and Contingencies* to our Unaudited Condensed Consolidated Financial Statements). Evolution claims for the first time in the First Amended Petition, that it estimates its damages attributable to its allegations in the case exceed \$200 million. The First Amended Petition also adds a claim for unspecified punitive damages. There has only been limited discovery in the case to date, and Evolution has not specified the basis for the amount of its claimed damages estimate. The case is currently set for trial in October 2015. We believe that Evolution's claims in the First Amended Petition relating to the June 2013 Delhi Field release are without merit and intend to vigorously defend against them and pursue our rights under the purchase documents.

**Item 1A. Risk Factors**

Information with respect to the Company's risk factors has been incorporated by reference to Item 1A of the Form 10-K. There have been no material changes to the risk factors contained in the Form 10-K since its filing.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds****Issuer Purchases of Equity Securities**

The following table summarizes purchases of our common stock during the first quarter of 2015:

Month	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) <sup>(2)</sup>
January 2015	453,450	\$ 7.66	—	\$ 221.9
February 2015	2,806	8.00	—	221.9
March 2015	133,340	7.31	—	221.9
Total	589,596		—	

- (1) Stock repurchases during the first quarter of 2015 were made in connection with delivery by our employees of shares to us to satisfy their tax withholding requirements related to the vesting of restricted shares and the exercise of stock appreciation rights.
- (2) In October 2011, the Company's Board of Directors approved a common share repurchase program for up to \$500 million of Denbury's common stock. During 2012 and 2013, the Board of Directors increased the dollar amount of Denbury common shares that could be purchased under the program to an aggregate of up to \$1.162 billion. The program has no pre-established ending date and may be suspended or discontinued at any time. In November 2014, the Company's Board of Directors suspended the common share repurchase program in light of commodity price uncertainty in order to protect our financial strength and preserve liquidity. We are not obligated to repurchase any dollar amount or specific number of shares of our common stock under the program.

Between early October 2011, when we announced the commencement of a common share repurchase program, and March 31, 2015, we repurchased 60.0 million shares of Denbury common stock (approximately 14.9% of our outstanding shares of common stock at September 30, 2011) for \$940.0 million, or \$15.68 per share.

**Item 3. Defaults upon Senior Securities**

None

**Item 4. Mine Safety Disclosures**

None

**Item 5. Other Information**

In conjunction with the May 2015 redetermination of our Bank Credit Agreement, we entered into the First Amendment on May 4, 2015, under which we modified certain financial covenants in 2016, 2017, and 2018 in order to provide more flexibility in managing our balance sheet and managing the credit extended by our lenders if oil prices remain low over next several years. The restructuring of covenants through the First Amendment were executed in consideration of a fee paid to the lenders. The foregoing description is qualified in its entirety by reference to the full text of the First Amendment, which is filed as Exhibit 10 (a) to this Quarterly Report on Form 10-Q. See also Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Resources and Liquidity – Bank Credit Facility* and Note 2, *Long-Term Debt*, to the Unaudited Condensed Consolidated Financial Statements for additional information regarding the First Amendment.

**Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Exhibit</b>
10(a)*	First Amendment to Amended and Restated Credit Agreement, dated as of May 4, 2015, by and among Denbury Resources Inc., as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, and the financial institutions party thereto.
10(b)*	Denbury Resources Inc. Director Deferred Compensation Plan, as amended and restated effective as of May 6, 2015.
10(c)*	Denbury Resources Inc. Severance Protection Plan, as amended and restated effective as of May 6, 2015.
10(d)*	2015 Form of Restricted Share Award to officers under the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc.
10(e)*	2015 Form of TSR Performance Award under the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc.
10(f)*	2015 Form of TSR Performance Award for Phil Rykhoek under the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc.
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10(i)*	2015 Form of Growth and Income Performance Share Award under the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc.
10(j)*	2015 Form of Growth and Income Performance Share Award for Phil Rykhoek under the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc.
31(a)*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32*	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	Interactive Data Files.

\* Included herewith.



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**Denbury Resources Inc.**

**SIGNATURES**

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

DENBURY RESOURCES INC.

May 6, 2015

/s/ Mark C. Allen

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Mark C. Allen  
Sr. Vice President and Chief Financial Officer

May 6, 2015

/s/ Alan Rhoades

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Alan Rhoades  
Vice President and Chief Accounting Officer

Denbury Resources Inc.

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31(a)	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data Files.

**FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT**

This First Amendment to Amended and Restated Credit Agreement (this “**First Amendment**”) is entered into as of May 4, 2015 (the “**First Amendment Effective Date**”), by and among Denbury Resources Inc., a Delaware corporation (“**Borrower**”), JPMorgan Chase Bank, N.A., as Administrative Agent (“**Administrative Agent**”), and the financial institutions party hereto as Lenders (hereinafter collectively referred to as the “**Executing Lenders**”, and each individually, an “**Executing Lender**”).

**WITNESSETH**

WHEREAS, Borrower, Administrative Agent, the other agents party thereto and Lenders are parties to that certain Amended and Restated Credit Agreement dated as of December 9, 2014 (as amended, supplemented or otherwise modified prior to the date hereof, the “**Credit Agreement**”); unless otherwise defined herein, all terms used herein with their initial letter capitalized shall have the meaning given such terms in the Credit Agreement, including, to the extent applicable, after giving effect to the amendments set forth in Section 1 of this First Amendment);

WHEREAS, pursuant to the Credit Agreement, Lenders have extended credit in the form of Loans to Borrower and provided certain other credit accommodations to Borrower;

WHEREAS, Borrower has requested that Lenders amend certain provisions contained in the Credit Agreement as more specifically provided for herein; and

WHEREAS, subject to and upon the terms and conditions set forth herein, Executing Lenders have agreed to enter into this First Amendment to (a) decrease the Borrowing Base to \$2,600,000,000 and (b) amend certain provisions of the Credit Agreement as more specifically provided for herein.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, Borrower, Administrative Agent and Executing Lenders hereby agree as follows:

**Section 1. Amendments to Credit Agreement.** In reliance on the representations, warranties, covenants and agreements contained in this First Amendment, and subject to the satisfaction or waiver of the conditions precedent set forth in Section 3 hereof, the Credit Agreement shall be amended effective as of the First Amendment Effective Date in the manner provided in this Section 1.

1.1 **Additional Definitions.** Section 1.1 of the Credit Agreement shall be amended to add thereto in alphabetical order the following definitions, which shall read in full as follows:

“**2018 Rolling Period**” means for each of the periods ending March 31, 2018, June 30, 2018, September 30, 2018 and December 31, 2018, the period commencing on January 1, 2018 and ending on the last day of such applicable period.

“**Annualized Consolidated EBITDAX**” shall mean Consolidated EBITDAX for each 2018 Rolling Period ending on the date set forth in the table below multiplied by the factor for such 2018 Rolling Period set forth opposite such date in the table below:

<b>2018 Rolling Period Ending</b>	<b>Factor</b>
March 31, 2018	4
June 30, 2018	2
September 30, 2018	4/3
December 31, 2018	1

“**Consolidated EBITDAX to Consolidated Interest Charges Ratio**” shall mean, as of any date of determination, the ratio of (a) Consolidated EBITDAX for such Test Period to (b) Consolidated Interest Charges for such Test Period.

**“Consolidated Senior Secured Debt”** shall mean, as of any date of determination, all Indebtedness of the types described in clauses (a) and (b) (other than intercompany Indebtedness owing to the Borrower or any Restricted Subsidiary), and clause (d) (but only to the extent of any unreimbursed drawings under any letter of credit) of the definition thereof (provided that the amount of any such Indebtedness issued at a discount to its face value shall be determined in accordance with GAAP), in each case, that is not Subordinated Indebtedness and that is secured by a Lien on any assets of the Credit Parties; *provided* that, notwithstanding the foregoing, the Indebtedness permitted under Section 10.1(z) shall not be “Consolidated Senior Secured Debt”.

**“Consolidated Senior Secured Debt to Consolidated EBITDAX Ratio”** shall mean, as of any date of determination, the ratio of (a) Consolidated Senior Secured Debt as of the last day of the most recent Test Period ended on or prior to such date of determination to (b) Consolidated EBITDAX for such Test Period.

**“Consolidated Total Debt to Annualized Consolidated EBITDAX Ratio”** shall mean, as of any date of determination, the ratio of (a) Consolidated Total Debt as of the last day of the most recent Test Period ended on or prior to such date of determination to (b) Annualized Consolidated EBITDAX for the 2018 Rolling Period ending as of such last day.

**“First Amendment”** shall mean that certain First Amendment to Amended and Restated Credit Agreement dated as of May 4, 2015 among the Borrower, the Guarantors, the Administrative Agent and the Lenders party thereto.

**“Subordinated Indebtedness”** shall mean the collective reference to any Indebtedness of any Credit Party subordinated in right and time of payment to the Obligations and containing such other terms and conditions, in each case as are satisfactory to the Administrative Agent.

1.2 **Restatement of Definitions.** The definitions of **“Credit Documents”** and **“Financial Performance Covenants”** contained in Section 1.1 of the Credit Agreement shall be amended and restated to read in full as follows:

**“Credit Documents”** shall mean this Agreement, the First Amendment, the Guarantee, the Security Documents, and any promissory notes issued by the Borrower under this Agreement and any other agreements executed by Credit Parties in connection with this Agreement and expressly identified as “Credit Documents” therein.

**“Financial Performance Covenants”** shall mean the covenants of the Borrower set forth in Section 10.11; *provided* that references in this Agreement to the Borrower being in compliance on a pro forma basis with the Financial Performance Covenants as of the date of a certain event, or words to similar effect, shall refer to the covenants set forth in Section 10.11 that are tested as of such date or the Test Period (or 2018 Rolling Period, as applicable) next ending following such date, and, for the avoidance of doubt, shall include the covenant set forth in Section 10.11(a)(ii) solely with respect to such references in Sections 10.1(g), 10.1(i)(i)(D), 10.1(j)(i)(B), 10.1(n), 10.5(g) and 10.6(i).

1.3 **Amendment to Definition.** The reference to “covenant set forth in Section 10.11(a)” contained in the definition of **“Consolidated EBITDAX”** contained in Section 1.1 of the Credit Agreement is hereby deleted and a reference to “covenants set forth in Sections 10.11(a), (b), (c) and (d)” is inserted in lieu thereof.

1.4 **Amendment to Section 8.19 of the Credit Agreement.** The last sentence of Section 8.19 of the Credit Agreement is hereby amended to read in full as follows: “The PV-9 of the Mortgaged Properties equals or exceeds the Collateral Coverage Minimum, except during cure periods for Collateral Coverage Minimum shortfalls as permitted in accordance with Section 9.10(c).”.

1.5 **Amendment to Section 9.10(c) of the Credit Agreement.** Section 9.10(c) of the Credit Agreement is hereby amended by deleting the reference to “the certificate required under Section 9.13(b)” in the second sentence thereof immediately after “60 days of delivery of”, and replacing such reference with “the applicable Reserve Report”.

1.6 **Amendment to Section 10.11 of the Credit Agreement.** Section 10.11 of the Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

10.11 Financial Performance Covenants.

(a) Consolidated Total Debt to Consolidated EBITDAX Ratio. The Borrower will not permit the Consolidated Total Debt to Consolidated EBITDAX Ratio to be greater than (i) 4.25 to 1.00 as of the last day of each Test Period ending (A) on or prior to December 31, 2015, (B) on or after March 31, 2019 or (C) during any Investment Grade Period, or (ii) solely for the purpose of determining whether the Borrower is in compliance on a pro forma basis with the Financial Performance Covenants in accordance with Sections 10.1(g), 10.1(i)(i)(D), 10.1(j)(i)(B), 10.1(n), 10.5(g) or 10.6(i), as the case may be, 6.0 to 1.0 as of the last day of each Test Period ending on March 31, 2016, June 30, 2016, September 30, 2016, December 31, 2016, March 31, 2017, June 30, 2017, September 30, 2017 and December 31, 2017.

(b) Consolidated Total Debt to Annualized Consolidated EBITDAX Ratio. The Borrower will not permit the Consolidated Total Debt to Annualized Consolidated EBITDAX Ratio as of March 31, 2018, June 30, 2018, September 30, 2018 and December 31, 2018, in any case, to be greater than the applicable ratio set forth opposite each such date in the table below; *provided* that, solely with respect to any such testing date that occurs during any Investment Grade Period, the Borrower will not be required to comply with this Section 10.11(b) for such date.

<b>Date</b>	<b>Ratio</b>
March 31, 2018	6.00 to 1.00
June 30, 2018	5.50 to 1.00
September 30, 2018	5.00 to 1.00
December 31, 2018	5.00 to 1.00

(c) Consolidated Senior Secured Debt to Consolidated EBITDAX Ratio. The Borrower will not permit the Consolidated Senior Secured Debt to Consolidated EBITDAX Ratio to be greater than 2.50 to 1.00 as of the last day of each Test Period ending on March 31, 2016, June 30, 2016, September 30, 2016, December 31, 2016, March 31, 2017, June 30, 2017, September 30, 2017 and December 31, 2017; *provided* that, solely with respect to any such testing date that occurs during any Investment Grade Period, the Borrower will not be required to comply with this Section 10.11(c) for such date.

(d) Consolidated EBITDAX to Consolidated Interest Charges Ratio. The Borrower will not permit the Consolidated EBITDAX to Consolidated Interest Charges Ratio to be less than 2.25 to 1.00 as of the last day of each Test Period ending on March 31, 2016, June 30, 2016, September 30, 2016, December 31, 2016, March 31, 2017, June 30, 2017, September 30, 2017 and December 31, 2017; *provided* that, solely with respect to any such testing date that occurs during any Investment Grade Period, the Borrower will not be required to comply with this Section 10.11(d) for such date.

(e) Current Ratio. The Borrower will not permit the ratio of Consolidated Current Assets to Consolidated Current Liabilities as of the last day of any Test Period to be less than 1.00 to 1.00.

(f) Asset Coverage Test. The Borrower will not permit the ratio of the PV-9 of the Credit Parties' Oil and Gas Properties reflected in the most recently delivered Reserve Report to Consolidated Total Debt to be less than 1.50 to 1.00 as of the last day of any Test Period during an Investment Grade Period if, as of such date, the Borrower does not have both (i) a Rating from Moody's of Baa3 or better and (ii) a Rating from S&P of BBB- or better.

**Section 2. Borrowing Base.** In reliance on the representations, warranties, covenants and agreements contained in this First Amendment, the Administrative Agent and the Lenders hereby agree that the Borrowing Base shall be decreased to \$2,600,000,000 effective as of the First Amendment Effective Date and shall remain at such level until the next Scheduled Redetermination, the next Interim Redetermination or other adjustment to the Borrowing Base thereafter, whichever occurs first. The Credit Parties, the Administrative Agent and the Lenders hereby agree that the decrease in the Borrowing Base provided for in this Section 2 shall be considered and deemed to be the Scheduled Redetermination scheduled for May 1, 2015 for purposes of Section 2.14 of the Credit Agreement.

**Section 3. Conditions Precedent to Amendment.** Subject to the satisfaction (or waiver) of the following conditions, the amendments to the Credit Agreement contained in Section 1 hereof shall each be effective on the First Amendment Effective Date:

3.1 **Counterparts.** Administrative Agent shall have received counterparts hereof duly executed by an Authorized Officer of each of Borrower, the Guarantors and the Required Lenders.

3.2 **Payment of Amendment Fee.** Administrative Agent shall have received an amendment fee for the benefit of the Executing Lenders executing this First Amendment on or prior to the First Amendment Effective Date, in an amount for each such Executing Lender equal to 10 basis points (0.10%) of the amount of such Executing Lender's Commitment as of the First Amendment Effective Date.

3.3 **No Default; No Borrowing Base Deficiency.** No Default or Event of Default shall have occurred which is continuing, and no Borrowing Base Deficiency shall then exist.

3.4 **Other Documents.** Administrative Agent shall have been provided with such documents, instruments and agreements, and Borrower shall have taken such actions, in each case as Administrative Agent may reasonably require in connection with this First Amendment and the transactions contemplated hereby.

**Section 4. Representations and Warranties.** To induce Executing Lenders and Administrative Agent to enter into this First Amendment, Borrower hereby represents and warrants to Lenders and Administrative Agent as follows as of the First Amendment Effective Date:

4.1 **Reaffirm Existing Representations and Warranties.** Each representation and warranty of Borrower contained in the Credit Agreement and the other Credit Documents is true and correct in all material respects (unless such representations and warranties are already qualified by materiality, Material Adverse Effect or a similar qualification in which case such representations and warranties shall be true and correct in all respects) with the same effect as though each such representation and warranty had been made on and as of the First Amendment Effective Date (except where any such representation and warranty expressly relates to an earlier date, in which case each such representation and warranty shall have been true and correct in all material respects as of such earlier date).

4.2 **Due Authorization.** The execution, delivery and performance by Borrower of this First Amendment are within Borrower's corporate or organizational powers, have been duly authorized by all necessary action, and require no action by or in respect of, or filing with, any governmental body, agency or official.

4.3 **Validity and Enforceability.** This First Amendment constitutes the valid and binding obligation of Borrower enforceable in accordance with its terms, except as (a) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditor's rights generally, and (b) the availability of equitable remedies may be limited by equitable principles of general application.

4.4 **No Defense.** Borrower acknowledges that Borrower has no defense to (a) Borrower's obligation to pay the Obligations when due, or (b) the validity, enforceability or binding effect against Borrower of the Credit Agreement or any of the other Credit Documents or any Liens intended to be created thereby.

**Section 5. Miscellaneous.**

5.1 **No Waivers.** No failure or delay on the part of Administrative Agent or Lenders to exercise any right or remedy under the Credit Agreement, any other Credit Documents or applicable law shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise of any right or remedy, all of which are cumulative and may be exercised without notice except to the extent notice is expressly required (and has not been waived) under the Credit Agreement, the other Credit Documents and applicable law.

5.2 **Reaffirmation of Credit Documents.** Any and all of the terms and provisions of the Credit Agreement and the other Credit Documents shall, except as amended and modified hereby, remain in full force and effect. The amendments contemplated hereby shall not limit or impair any Liens securing the Obligations, each of which are hereby ratified, affirmed and extended to secure the Obligations.

5.3 **Legal Expenses.** Borrower hereby agrees to pay on demand all reasonable fees and expenses of counsel to Administrative Agent incurred by Administrative Agent in connection with the preparation, negotiation and execution of this First Amendment and all related documents.

5.4 **Parties in Interest.** All of the terms and provisions of this First Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

5.5 **Counterparts.** This First Amendment may be executed in counterparts (including, without limitation, by electronic signature), and all parties need not execute the same counterpart; however, no party shall be bound by this First Amendment until Borrower, the Guarantors and Required Lenders have executed a counterpart. Facsimiles and counterparts executed by electronic signature (e.g., .pdf) shall be effective as originals.

5.6 **Complete Agreement.** THIS FIRST AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN OR AMONG THE PARTIES.

5.7 **Headings.** The headings, captions and arrangements used in this First Amendment are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify or modify the terms of this First Amendment, nor affect the meaning thereof.

5.8 **Governing Law.** THIS FIRST AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

5.9 **Severability.** Any provision of this First Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

5.10 **Successors and Assigns.** This First Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

[Signature pages follow.]





Each of the undersigned (i) consent and agree to this First Amendment, and (ii) agree that the Credit Documents to which it is a party shall remain in full force and effect and shall continue to be the legal, valid and binding obligation of such Person, enforceable against it in accordance with its terms.

GUARANTORS:

DENBURY GATHERING & MARKETING, INC.  
DENBURY HOLDINGS, INC.  
DENBURY OPERATING COMPANY  
DENBURY ONSHORE, LLC  
DENBURY PIPELINE HOLDINGS, LLC  
DENBURY AIR, LLC  
DENBURY GREEN PIPELINE-TEXAS, LLC  
DENBURY GULF COAST PIPELINES, LLC  
GRENCORE PIPELINE COMPANY LLC  
DENBURY GREEN PIPELINE-MONTANA, LLC  
DENBURY GREEN PIPELINE-RILEY RIDGE, LLC  
DENBURY THOMPSON PIPELINE, LLC  
ENCORE PARTNERS GP HOLDINGS, LLC  
PLAIN ENERGY HOLDINGS, LLC

By: /s/ Mark C. Allen

Name: Mark C. Allen

Title: Senior Vice President and Chief Financial Officer

ADMINISTRATIVE AGENT/LENDER:

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent and a Lender

By: /s/ Elizabeth Schorman

Name: Elizabeth Schorman

Title: Vice President

LENDERS:

BANK OF AMERICA, N.A.,  
as a Lender

By: /s/ Joseph Scott  
Name: Joseph Scott  
Title: Managing Director

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CAPITAL ONE, NATIONAL ASSOCIATION  
as a Lender

By: /s/ Matthew Molero  
Name: Matthew Molero  
Title: Senior Vice President

CANADIAN IMPERIAL BANK OF COMMERCE,  
NEW YORK BRANCH,  
as a Lender

By: /s/ Daria Mahoney

Name: Daria Mahoney

Title: Authorized Signatory

By: /s/ William M. Reid

Name: William M. Reid

Title: Authorized Signatory

COMERICA BANK,  
as a Lender

By: /s/ John S. Lesikar

Name: John S. Lesikar

Title: Senior Vice President

COMPASS BANK,  
as a Lender

By: /s/ Umar Hassan  
Name: Umar Hassan  
Title: Senior Vice President



CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK,  
as a Lender

By: /s/ Ting Lee

Name: Ting Lee

Title: Director

By: /s/ Mark Roche

Name: Mark Roche

Title: Managing Director

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,  
as a Lender

By: /s/ Christopher Day

Name: Christopher Day

Title: Authorized Signatory

By: /s/ Franziska Schoch

Name: Franziska Schoch

Title: Authorized Signatory

MUFG UNION BANK, N.A.,  
as a Lender

By: /s/ Brian Hawk  
Name: Brian Hawk  
Title: Vice President

ROYAL BANK OF CANADA,  
as a Lender

By: /s/ Jay T. Sartain  
Name: Jay T. Sartain  
Title: Authorized Signatory

SANTANDER BANK, N.A.,  
as a Lender

By: /s/ Aidan Lanigan  
Name: Aidan Lanigan  
Title: Senior Vice President

By: /s/ Puiki Lok  
Name: Puiki Lok  
Title: Vice President

THE BANK OF NOVA SCOTIA,  
as a Lender

By: /s/ Mark Sparrow

Name: Mark Sparrow

Title: Director

UBS AG, STAMFORD BRANCH,  
as a Lender

By: /s/ Kenneth Chin

Name: Kenneth Chin

Title: Director

By: /s/ Housseem Daly

Name: Housseem Daly

Title: Associate Director

ING CAPITAL LLC,  
as a Lender

By: /s/ Juli Bieser  
Name: Juli Bieser  
Title: Managing Director

By: /s/ Charles Hall  
Name: Charles Hall  
Title: Managing Director



SUNTRUST BANK,  
as a Lender

By: /s/ Shannon Juhan

Name: Shannon Juhan

Title: Director

KEYBANK NATIONAL ASSOCIATION,  
as a Lender

By: /s/ George E. McKean

Name: George E. McKean

Title: Senior Vice President

SUMITOMO MITSUI BANKING CORPORATION,  
as a Lender

By: /s/ James D. Weinstein

Name: James D. Weinstein

Title: Managing Director

U.S. BANK NATIONAL ASSOCIATION,  
as a Lender

By: /s/ John C. Springer

Name: John C. Springer

Title: Vice President

FIFTH THIRD BANK,  
as a Lender

By: /s/ Thomas Kleiderer

Name: Thomas Kleiderer

Title: Director

ABN AMRO CAPITAL USA LLC,  
as a Lender

By: /s/ Darrell Holley

Name: Darrell Holley

Title: Managing Director

By: /s/ David Montgomery

Name: David Montgomery

Title: Executive Director

BOKF, NA DBA BANK OF TEXAS,  
as a Lender

By: /s/ Thomas E. Stelmar, Jr.

Name: Thomas E. Stelmar, Jr.

Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,  
as a Lender

By: /s/ Tom Byargeon  
Name: Tom Byargeon  
Title: Managing Director



GOLDMAN SACHS BANK USA,  
as a Lender

By: /s/ Jamie Minieri  
Name: Jamie Minieri  
Title: Authorized Signatory

**DENBURY RESOURCES INC.  
DIRECTOR DEFERRED COMPENSATION PLAN**

As Amended and Restated on:  
May 6, 2015

**1. ESTABLISHMENT OF PLAN**

Denbury Resources Inc. (the “Company”) hereby amends and restates the Denbury Resources Inc. Director Compensation Plan (“Prior Plan”), which Prior Plan was originally adopted effective July 1, 2000, subsequently amended effective February 22, 2001, May 11, 2005, June 29, 2011 and December 13, 2012, and hereby further amended and restated as the Denbury Resources Inc. Director Deferred Compensation Plan (“Plan”) effective May 6, 2015.

**2. SCOPE AND PURPOSE OF PLAN**

The purpose of this Plan is to provide a means by which the Company may attract, motivate and retain experienced and knowledgeable Persons to serve as Directors of the Company and to promote identification of such Directors' interests with those of the Company’s shareholders.

**3. DEFINITIONS**

(a) **“Account”** means, respectively or collectively as the context requires, a Participant's Cash Deferred Account and Deferred Stock Unit Account or such other accounts or subaccounts which the Committee may establish under the Plan. Each Account shall be maintained solely as a bookkeeping entry of the Company to evidence an unsecured and unfunded obligation of the Company with respect to any Participant.

(b) **“Affiliate”** means, with respect to the Company, a Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Company as determined by the Committee.

(c) **“Board”** means the Board of Directors of the Company.

(d) **“Cash Deferred Account”** means an Account established for each Participant by the Company with respect to the bookkeeping of such Participant’s Deferral Election attributable to Director Fees deferred as cash by the Participant, subject to and adjusted for dividend equivalents credited to such Account as provided under **Section 8(c)(3)**.

(e) **“Code”** means the Internal Revenue Code of 1986, as amended.

(f) **“Committee”** means the Compensation Committee of the Board.

(g) **“Common Stock”** means shares of Common Stock, \$.001 par value, of Denbury Resources Inc.

(h) **“Deferral Election”** means the submission by a Participant of an election to the Company, in such form and manner established by the Committee, indicating that a Participant wants to defer receipt of all or part of such Participant’s Director Fees and/or LTI.

(i) **“Deferred Stock Unit” or “DSU”** means each unit of phantom stock granted to a Participant under the Plan equal to the Fair Market Value of a single share of Common Stock.

(j) **“Deferred Stock Unit Account”** means an Account established for each Participant by the Committee with respect to the bookkeeping of such Participant’s Director Fees and/or LTI deferred as Deferred Stock Units by the Participant pursuant to a Deferral Election.

(k) **“Director”** means a duly elected or appointed member of the Board.

(l) **“Director Fees”** means all amounts paid or to be paid by the Company to a Participant in consideration of the Participant's service as a member of the Board (excluding reimbursements for expenses of the Director), but including, and not limited to, the annual retainer fee, Board meeting fees, fees for special services performed by a Director, and any fees for serving on a committee of the Company, including serving as chairman of such committee. Notwithstanding any provision of the Plan to the contrary, “Director Fees” do not include LTI.

(m) Purposely Omitted.

(n) **“Distribution Event”** means those events described in **Section 10(a)(1)** through **Section 10(a)(6)**.

(o) **“Dividend Equivalent”** means the Participant's right to a dollar amount equal to all or a specified portion of the amount of dividends (whether in stock or cash) paid or distributed, if any, in respect of a specified number of shares of Common Stock.

(p) **“DSU Award”** means each award of Deferred Stock Units granted to a Participant pursuant to the terms of the Incentive Plan, this Plan and such other terms and conditions set forth by the Committee, and which is credited to a Participant's Deferred Stock Unit Account. Notwithstanding any Plan provision to the contrary, a DSU Award may only be granted in whole numbers of Deferred Stock Units.

(q) **“Effective Date”** means July 1, 2000, with respect to the Prior Plan, and December 13, 2012, with respect to the Plan.

(r) **“Fair Market Value”** means, with respect to a share of Common Stock as of any Issue Date shall be the Closing Price on such date; provided however, (i) that if the actual transaction involving such shares of Common Stock occurs at a time when the New York Stock Exchange (“NYSE”) is closed, then Fair Market Value shall mean the most recent Closing Price; or (ii) “Closing Price” means the closing price of the shares of Common Stock on the NYSE as reported in any newspaper of general circulation on any such date.

(s) **“Incentive Plan”** means the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc., as amended, or any successors to such plan.

(t) **“Issue Date”** means the date determined by the Board on which Director Fees are payable by the Company to a Participant.

(u) **“LTI”** means a Restricted Share Award (or any other form of equity Award) granted to Participants under the Incentive Plan, as determined by the Committee.

(v) **“Participant”** means each member of the Board who is not an employee, as shown on the payroll records, of the Company or any of its Affiliates.

(w) **“Person”** means: (i) an individual; (ii) a partnership; (iii) a Company, an incorporated association, an incorporated syndicate or any other incorporated organization; (iv) an unincorporated association, an unincorporated syndicate or any other unincorporated organization; (v) a trust; or (vi) a trustee, an executor, an administrator or any other legal representative.

(x) **“Plan”** means the Denbury Resources Inc. Director Deferred Compensation Plan, as amended.

(y) **“Plan Year”** means the period commencing on January 1, 2013 and ending on May 31, 2013 (this period may be referred to as the Short Plan Year), thereafter Plan Year means the 12-month period commencing on June 1st and ending on May 31st next following (or such other twelve [12] month period determined by the Committee).

(z) **“Separation”** as used in this Plan, is defined as it is in the Incentive Plan.

(aa) **“Service”** means the United States Internal Revenue Service, or any successor or agent of such governmental agency.

(bb) **“Specified Payment Date”** means a date certain, if any, specified in a Participant's Deferral Election that is not later than the last day of the calendar year which includes the tenth (10<sup>th</sup>) anniversary of a Participant's Deferral Election; provided,

however, that such date must become irrevocable immediately prior to the first day of the Plan Year to which such Deferral Election relates.

(cc) **“Stock Election”** means the “Stock Election” by a Participant permitted by the Committee under **Section 7(c)** to currently receive any Director Fees in Common Stock in lieu of cash.

(dd) **“Unforeseeable Emergency”** means (i) a severe financial hardship to the Participant resulting from an illness or accident of the Participant or the Participant's spouse, beneficiary or dependent (as defined in Code section 152(a)), (ii) loss of the Participant's property due to casualty, or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, each as determined to exist by the Committee, as determined under Code section 409A.

#### 4. SHARES SUBJECT TO PLAN

(a) **Authorized Shares.** The total number of shares of Common Stock available for issuance under the Plan is 400,000, subject to adjustment as provided in **Section 7(f)**; provided, however, that the total number of shares of Common Stock that may be issued under this Plan may not exceed one percent of the number of shares of Common Stock outstanding before any given issuance under this Plan. Shares available for issuance under the Plan may be authorized and unissued shares or treasury shares, or any combination thereof as the Company may determine from time to time.

(b) **Participant Limitation.** Notwithstanding anything in this Plan to the contrary, no Participant may acquire under this Plan Common Stock exceeding one percent (1%) of the Company's then outstanding Common Stock.

#### 5. ELIGIBILITY

Each Director elected or appointed shall be eligible to participate in the Plan as a Participant upon election or appointment to the Board as further described in **Section 7(a)** and **Section 7(c)**.

#### 6. ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall, subject to the provisions of the Plan, adopt such rules as it may deem appropriate in order to carry out the purpose of the Plan. All questions of interpretation, administration, and application of the Plan shall be determined by a majority of the members of the Committee, except that the Committee may authorize any one or more of its members, or any officer or employee of the Company, to execute and deliver documents on behalf of the Committee. Any determination under or related to the Plan by the Committee, the Company or their respective designees, as applicable, shall be: (i) in the sole and absolute discretion of the Committee, the Company or such designees; and (ii) final and binding in all matters relating to the Plan and shall not be subject to review by the Participant or any Person. The Committee may, from time to time, employ other agents and delegate to them such administration duties as it deems necessary, and may, from time to time, consult with counsel. No member of the Committee or officer of the Company shall be liable for any act done or omitted to be done by such member or officer or by any other member of the Committee or officer of the Company in connection with the Plan, except for such member's or officer's own willful misconduct or as expressly provided by statute. All costs and expenses involved in administration of the Plan shall be borne by the Company.

#### 7. DIRECTOR COMPENSATION

(a) **Director Fees.** Each Participant shall receive from the Company as compensation for the Participant's service as a member of the Board Director Fees in such amounts determined by the Board. The portion of the Director Fees which consist of the annual retainer fee shall be pro-rated by the Company for Participants who are not in office for the entire Plan Year.

(b) **Payment of Fees.** Unless a Participant makes an election pursuant to **Section 7(c)**, the Participant shall be paid in cash on the respective Issue Dates for all Director Fees earned in a given Plan Year; provided, however, that the Company may pay all Director Fees to a Participant in such form and manner as determined by the Company.

(c) **Election to Receive Common Stock in lieu of Cash.** Prior to the first day of each Plan Year, each Participant may make an election (“Stock Election”) to receive all or a portion (in increments determined by the Committee) of the Director Fees he or she will be paid for such Plan Year in Common Stock in lieu of cash. This Stock Election shall be in writing in such form and manner provided by the Committee and returned to the Committee prior to the beginning of the Plan Year in question.

Notwithstanding the foregoing, any Participant who is newly elected or appointed to the Board after the first day of a Plan Year may make a Stock Election with respect to Director Fees not yet earned in such Plan Year, no later than the earlier of: (i) thirty (30) days or (ii) the first Issue Date, on or after the date of such Participant's election or appointment to the Board, such Director Fees to be prorated based upon months of Board service. If the Participant elects to receive any portion of his or her Director Fees in Common Stock pursuant to a Stock Election, the number of shares of Common Stock calculated in accordance with **Section 7(d)** shall be issued to the Participant on the Issue Date.

**(d) Calculation of Number of Shares Issued.** If a Participant makes a Stock Election, the number of whole shares of Common Stock to be issued shall be calculated as the quotient of **Section 7(d)(1)** divided by **Section 7(d)(2)**, where:

- (1)** equals the amount of the Director Fees payable on any such Issue Date (the numerator); and
- (2)** equals the Fair Market Value of one share of Common Stock on such Issue Date (the denominator).

Notwithstanding any Stock Election to the contrary:

**(3)** any fractional shares of Common Stock owed to the Participant on any such Issue Date shall be paid to the Participant by the Company in cash; and

**(4)** if on any Issue Date the number of shares of Common Stock otherwise issuable to all Participants hereunder shall exceed the number of reserved shares of Common Stock remaining available under the Plan, the available shares of Common Stock shall be allocated proportionally among the Participants, as determined by the Committee, in the ratio that the total number of shares of Common Stock a Participant is entitled to receive on such Issue Date bears to the total number of shares of Common Stock to be received by all Participants on such Issue Date. Any remaining unpaid Fees shall be payable in cash.

**(e) Failure to Elect.** Should a Participant fail to timely and properly make a Stock Election with respect to a particular Plan Year, the Participant shall be paid in cash as set forth in **Section 7(b)**.

**(f) Effect of Certain Changes in Capitalization.** In the event of any recapitalization, stock split, reverse stock split, dividend, reorganization, merger, consolidation, spin-off, combination, repurchase or share exchange, or other similar corporate transaction or event affecting the Common Stock, the maximum number of shares available under the Plan, or the number of Deferred Stock Units awarded and held hereunder, the number or class of shares of Common Stock to be delivered hereunder shall be adjusted by the Committee to reflect any such change in the number or class of issued shares of Common Stock or securities into which the Common Stock is convertible or exchangeable.

## **8. DEFERRAL OF DIRECTOR FEES AND/OR LTI**

**(a) Opportunity to Defer.**

**(1) Director Fees.** A Participant may elect to defer payment of the Director Fees otherwise payable to him or her for services to be rendered as a director of the Company during the next following Plan Year by entering into a Deferral Election deferring the receipt of some or all of his or her Director Fees for that Plan Year (subject to such limits and restrictions as to any dollar amount, percentage or otherwise as may be permitted by the Committee). The amount of Director Fees subject to such a timely and proper Deferral Election will be credited to such Participant's Account either: (a) in cash equivalents to a Cash Deferred Account or (b) as a DSU Award to be credited to the Deferred Stock Unit Account; or (c) or both, in such proportions as elected by the Participant in such Deferral Election and as permitted by the Committee. As provided by the Committee, the Participant shall then receive a DSU Award in whole Deferred Stock Units in an amount substantially equal to the quotient of **(i)** divided by **(ii)**, where:

**(i)** equals the amount of Participant's Director Fees which is subject to a Deferral Election for a Plan Year (the numerator); and

**(ii)** equals the Fair Market Value of one share of Common Stock on the Issue Date which would have been applicable to the Director Fees in the absence of the Deferral Election (the denominator).

In the event Director Fees are deferred in the form of DSU Awards, and in the event the Company pays dividends on the underlying Common Stock represented by such Deferred Stock Units, all Dividend Equivalents credited to the Deferred Stock Unit Account shall be deferred with the DSU Award and paid at the same time as the DSU Award is paid.

(2) **LTI.** A Participant may also elect to defer receipt of the LTI otherwise payable to him or her as restricted shares of Common Stock during the next following Plan Year by entering into a Deferral Election deferring some or all of such Participant's LTI (subject to such limits and restrictions as to any dollar amount, percentage or otherwise as may be established from time to time by the Committee). If a Participant elects to defer receipt of all or a portion of an LTI for a Plan Year, the Company will pursuant to the Deferral Election instead grant the Participant a DSU Award substantially equal to the quotient of (i) divided by (ii), where:

(i) equals the number of shares of Common Stock covered by Awards of Restricted Stock to which the Participant would be entitled under the Incentive Plan (the numerator) which is subject to a Deferral Election for a Plan Year; and

(ii) equals the Fair Market Value of one share of Common Stock on the date of grant which would have been applicable to the LTI in the absence of the Deferral Election (the denominator).

In the event LTI are deferred in the form of DSU Awards, and in the event the Company pays dividends on the underlying Common Stock represented by such Deferred Stock Units, all Dividend Equivalents credited to the Deferred Stock Unit Account shall be deferred with the DSU Award, be subject to the same restrictions and vesting requirements as the underlying Common Stock with respect to which the Dividend Equivalents are paid, and paid at the same time as the DSU Award is paid.

**(b) Deferral Elections.**

(1) **Timing.** The initial Deferral Election of a new Participant with respect to Director Fees or LTI, as applicable, shall be made by written notice signed by the Participant and delivered to the Committee not later than thirty (30) days after the Participant first becomes eligible to participate in the Plan; provided, however, that such initial Deferral Election shall not apply to any portion of his or her Director Fees earned or LTI granted for service prior to the date such Deferral Election is properly filed with the Committee. Any subsequent Deferral Elections (or revocations thereof) shall be made by the Participant and filed with the Committee not later than the last day of the calendar year before the beginning of next succeeding Plan Year and shall be effective on the first day of such succeeding Plan Year with respect to Director Fees to be earned or LTI to be granted in such subsequent Plan Year. A Deferral Election with respect to Director Fees or LTI shall be an irrevocable election for the next following Plan Year (and shall become irrevocable immediately prior to the first day of the Plan Year to which such Deferral Election relates.)

(2) **Content.** A Deferral Election made pursuant to this **Section 8** shall be made in a form and manner prescribed by the Committee, which Deferral Election may be effectuated as follows:

(i) The Committee shall permit a Participant the right to defer the receipt of some or all of his or her Director Fees or LTI, stated as a whole percentage of either 50% or 100% (or such other amounts or percentages as may be permitted by the Committee) to be credited to the Participant's Accounts under the Plan for the immediately following Plan Year.

(ii) A Participant's Deferral Election of his or her Director Fees shall set forth the amount to be credited to the Cash Deferred Account and the portion to be credited to the Deferred Stock Unit Account with respect to any Director Fees or LTI, as appropriate. If a Participant fails to properly allocate any Director Fees subject to the Deferral Election between any Accounts as determined by the Committee, the Committee may credit any and all of such Director Fees to one or more Accounts as the Committee determines is appropriate.

(iii) The Deferral Election may set forth a Specified Payment Date, if any, on which the Participant shall receive the distributions of his or her Accounts with respect to the Director Fees or LTI deferred under such Deferral Election (*i.e.*, a Distribution Event).

**(c) Credits to a Participant's Account.**

**(1) DSU Award.** Each DSU Award credited to a Deferred Stock Unit Account represents the Company's commitment to issue such Participants a fixed number of shares of Common Stock upon a Distribution Event. No actual shares of Common Stock shall be issued until a Distribution Event described in **Section 10** occurs, with such shares to be issued by the Company under the Incentive Plan. The Deferred Stock Units under any DSU Award shall not be considered issued and outstanding shares for purposes of shareholder voting rights or for purposes of receiving dividends and other distributions, if any (other than as provided in **Section 8(c)(3)** below.)

**(2) Cash.** Directors Fees deferred by Participants in cash shall be credited to a Cash Deferred Account, on the first business day coincident with or immediately following the Issue Date for such Director Fees, until a Distribution Event described in **Section 10**. Cash Deferred Accounts shall not be credited with any earnings by the Company.

**(3) Dividend Equivalents.** Each Dividend Equivalent credited to a vested DSU shall be credited to a Participant's Deferred Stock Unit Account at the time actual dividends are paid by the Company in respect to its Common Stock. Such credited Dividend Equivalents shall be converted to, and invested in, additional Deferred Stock Units, and shall be subject to the same restrictions as the underlying Common Stock with respect to which the Dividend Equivalents are paid.

**(d) Participant Reports.** At the end of each Plan Year (or on a more frequent basis as determined by the Committee), a report shall be issued to each Participant who has an Account, and such report will set forth the value of each such Account and, as applicable, the number of DSU Awards credited to a Participant's Deferred Stock Unit Account.

**(e) Suspension of Deferral Election.** Notwithstanding the provisions of **Section 4(b)**, the Committee upon written application by a Participant, may authorize the suspension of a Participant's Deferral Election(s) in the event of an Unforeseeable Emergency. Any suspension authorized by the Committee shall become effective as soon as practicable after the Committee's receipt of a suspension application, but no later than the period beginning thirty (30) days after the receipt of such suspension application. Such suspension shall be effective for the remainder of the Plan Year and shall be deemed an annual election for each succeeding Plan Year unless a subsequent Deferral Election is filed with the Company pursuant to **Section 4(b)**.

**(f) No Change in Specified Payment Date Permitted.** If a Participant has selected a Specified Payment Date with respect to a Deferral Election for a Plan Year, such election becomes irrevocable as of the last day of the Plan Year immediately preceding the Plan Year to which the Deferral Election relates.

**9. VESTING**

Amounts attributable to deferred Director Fees in a Participant's Cash Deferred Account or represented by Deferred Stock Units are 100% vested under the Plan immediately upon being credited to a Participant's Account under the Plan and at all times thereafter.

Deferred Stock Units attributable to deferral of receipt of LTI will vest, in whole or in installments, in accordance with the "Restricted Period" (as defined in the Incentive Plan) selected by the Committee with respect to the applicable LTI award, or such other period as shall be selected by the Committee and reflected in the DSU Award granted with respect to such Deferred Stock Units.

**10. DISTRIBUTIONS**

**(a) Distributions Generally.** Notwithstanding any provision of this **Section 10** or the Plan to the contrary, a Participant's Accounts shall be distributed in accordance with a Deferral Election made with respect to such Account. With respect to each Account, a Deferral Election shall provide for a distribution based upon the earliest to occur of the following:

- (1)** a Participant's Specified Payment Date (if any),
- (2)** a Participant's Separation,
- (3)** an Unforeseeable Emergency,

- (4) a Change of Control,
- (5) inclusion of some or all of the Participant's Account in the Participant's income due to the failure to comply with Code section 409A (or as otherwise described below to pay certain taxes), or
- (6) a Plan termination pursuant to **Section 12(b)**,

All payments due to a Specified Payment Date or Separation shall be made as soon as reasonably feasible following the Participant's earliest Distribution Event, but in no event later than thirty (30) days following the Distribution Event; provided, however, that, if such thirty (30) day period ends in the taxable year following the year in which such Distribution Event occurs, the Participant shall not have the right to designate the year of payment and the Distribution Event shall occur in the taxable year in which such thirty (30) day period ends.

**(b) Distribution upon a Specified Payment Date.** If a Participant's Deferral Election provides for distributions based on the occurrence of a Specified Payment Date, upon such Specified Payment Date, that portion (or all) of the Account which is attributable to such Deferral Election shall be distributed to the Participant in a lump sum.

**(c) Distribution upon Separation.** Upon a Separation, that portion (or all) of the Account which is attributable to such Deferral Election shall be distributed to the Participant in a lump sum.

**(d) Distribution upon Death.** Upon the death of a Participant, the balance of his or her Account shall be paid to the Participant's beneficiary(ies) as designed in **Section 11**. Such payment shall be made in a lump sum with such payment to be made within sixty (60) days following the date of the Participant's death; provided that, if such sixty-day period ends in the taxable year following the year in which the Participant's death occurs, neither the Participant nor the Participant's beneficiary shall have the right to designate the year of payment and the payment shall occur in the taxable year in which such sixty (60) day period ends.

**(e) Distribution upon an Unforeseeable Emergency.** A Participant may request a distribution of some or all of his or her Account due to an Unforeseeable Emergency by submitting a written request to the Committee accompanied by evidence to demonstrate that the circumstances being experienced qualify as an Unforeseeable Emergency. The Committee shall have the authority to require such evidence as it deems necessary to determine if a distribution is warranted. If an application for a distribution due to an Unforeseeable Emergency is approved, the distribution is limited to an amount sufficient to meet the need resulting from the Unforeseeable Emergency. The allowed distribution shall be payable in the form determined by the Committee as soon as possible after approval of such distribution.

**(f) Distribution upon Change of Control.**

**(1)** Upon a Change of Control of the Company, a Participant shall be paid the balance of his Account in a lump sum within sixty (60) days following the date on which the Change of Control occurs; provided that, if such sixty-day period ends in the taxable year following the year in which the Change of Control occurs, the Participant shall not have the right to designate the year of payment, and the payment shall occur in the taxable year in which such sixty (60) day period ends

**(2)** For purposes of **Section 10**, "Change of Control" shall mean the occurrence of any one of the following with respect to the Company:

**(i)** "Continuing Directors" no longer constitute a majority of the Board; the term "Continuing Director" shall mean any individual who has served as a Director for one year or more, together with any new Directors whose election by the Board or whose nomination for election by the shareholders of the Company was approved by a vote of a majority of the Directors then still in office who were either Directors at the beginning of such one-year period or whose election or nomination for election was previously so approved;

**(ii)** Any person or combination of persons acting as a group (as defined in Rule 13d-3 under the Securities Exchange Act of 1934 (as amended from time to time, including rules thereunder and successor provisions and rules thereto, the "Exchange Act")) become the beneficial owners (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of shares of Common Stock representing thirty percent (30%) or more of the voting power of the Company's then outstanding securities entitled generally to vote for the election of Directors;



(iii) A merger or consolidation to which the Company is a party, regardless of the surviving entity in such transaction, if the shareholders of the Company immediately prior to the effective date of such merger or consolidation have beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) of less than fifty percent (50%) of the combined voting power to vote for the election of directors of the surviving corporation, or other entity following the effective date of such merger or consolidation; or

(iv) The sale of all, or substantially all, of the assets of the Company or the liquidation or dissolution of the Company.

(3) Notwithstanding the foregoing provisions of this **Section 10(f)**, if a Participant's Separation is for a reason other than for cause, and occurs not more than ninety (90) days prior to the date on which a Change of Control occurs, for purposes of the Plan, such termination shall be deemed to have occurred immediately following a Change of Control.

(4) Notwithstanding anything herein to the contrary, under no circumstances will a change in the constitution of the board of directors or managers of any subsidiary, a change in the beneficial ownership of any subsidiary, the merger or consolidation of a subsidiary with any other entity, the sale of all or substantially all of the assets of any subsidiary or the liquidation or dissolution of any subsidiary (in each case which does not constitute and is not part of a sale of all or substantially all of the assets of the Company) constitute a "Change of Control" under this Plan.

**(g) Distribution in the Event of Taxation.**

(1) If, for any reason, it has been determined that the Plan fails to meet the requirements of Code section 409A, and the failure is not or cannot be corrected under a Service correction program for such failure, the Committee shall distribute to the Participant the portion of the Participant's Account that is required to be included in income as a result of the failure of the Plan to comply with the requirements of Code section 409A.

(2) The Plan shall also pay to the Participant that portion of his Account necessary to satisfy:

(i) Any Federal Insurance Contributions Act (FICA) tax imposed under Code sections 3101, 3121 (a), and 3121(v)(2), or the Railroad Retirement Act tax imposed under sections 3201, 3211, 3231(e)(1), and 3231 (e)(8), where applicable, on compensation deferred under the Plan (the "FICA or RRTA Amount"); and

(ii) Any income tax at source on wages imposed under Code section 3401 or the corresponding withholding provisions of applicable state, local, or foreign tax laws as a result of the payment of the FICA or RRTA Amount, and to pay the additional income tax at source on wages attributable to the pyramiding Code section 3401 wages and taxes; provided, however, that the total payment under this **Section 10(g)** must not exceed the aggregate of the FICA or RRTA Amount, and the income tax withholding related to such FICA or RRTA Amount.

(h) **Form of Distributions.** Distributions made to a Participant with respect to his or her Cash Deferred Account shall be determined on the date a distribution is processed by the Company and shall be paid in cash in a lump sum after the applicable Distribution Event. Distributions made to a Participant with respect to his or her Deferred Stock Unit Account shall be paid in shares of Common Stock in a lump sum based on the number of Deferred Stock Units credited to the Deferred Stock Unit Account; provided, however, that the value of any fractional shares otherwise deliverable to the Participant shall be paid in cash.

**11. BENEFICIARY DESIGNATION.**

Each Participant who elects to participate in this Plan may file with the Committee a notice in writing, on a form provided by the Committee, designating one or more beneficiaries to whom the distribution shall be made in the event of the Participant's death prior to receiving the entire distribution of the balance in the Participant Account. If no beneficiary designation is made, or in the event that a beneficiary designated by such Participant predeceases the Participant, the distribution shall be made to the Participant's estate.

## 12. MISCELLANEOUS

(a) **Amendment; Termination.** The Board may at any time and from time to time alter, amend, or terminate the Plan, subject to NYSE rules that might require shareholder approval of such changes, in whole or in part; provided, however, that no such action shall, without the consent of a Participant, affect the rights of such Participant in any Common Stock issued to such Participant under the Plan.

(b) **Rights of Directors.** Nothing contained in the Plan shall confer upon any Participant any right to continue in the service of the Company as a Director.

(c) **Government and other Regulations.** The obligations of the Company to deliver shares under the Plan shall be subject to all applicable laws, rules and regulations and such approvals by any government agency as may be required, including, without limitation, compliance with the Securities Act of 1933, as amended. The Committee may elect not to issue any Common Stock on an Issue Date if it determines in its sole discretion that to do so would be a violation of the Securities Act of 1933, as amended, or the securities laws of any state.

(d) **Nontransferability.** The rights and benefits under the Plan shall not be transferable by a Director other than by the laws of descent and distribution or pursuant to a domestic relations order.

(e) **Withholding.** To the extent required by applicable federal, state, local or foreign law, a Participant shall make arrangements satisfactory to the Company for payment of any withholding tax obligations, if any, that arise in connection with the Plan. The Company shall not be required to issue any Common Stock under the Plan until such obligations, if any, are satisfied. A Participant may satisfy any such withholding obligation by (i) having the Company retain the number of shares of Common Stock or (ii) tendering the number of shares of Common Stock, in either case, whose Fair Market Value equals the amount required to be withheld.

(f) **Code Section 409A.** All Accounts under the Plan that are intended to be “deferred compensation” subject to Code section 409A shall be interpreted, administered and construed to comply with Code section 409A, and all Accounts under the Plan that are intended to be exempt from Code section 409A shall be interpreted, administered and construed to comply with and preserve such exemption. The Committee shall have full authority to give effect to the intent of the foregoing sentence. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the Plan and a provision of any Account or Deferral Election, the Plan shall govern. Notwithstanding the foregoing, neither the Company nor any Director shall have any liability to any Person in the event Code section 409A applies to any Account in a manner that results in adverse tax consequences for the Participant or any of his or her beneficiaries or transferees.

(g) **Governing Law.** To the extent that federal laws do not otherwise control, the Plan and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

(h) **Headings.** The headings of sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

(i) **Unfunded.** The Plan shall be an unfunded and unsecured obligation of the Company. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the issuance of Common Stock and the issuance of Common Stock shall be an unsecured general obligation of the Company.

**DENBURY RESOURCES  
SEVERANCE PROTECTION PLAN  
(As amended and restated effective as of May 6, 2015)**

**ARTICLE I  
ESTABLISHMENT OF PLAN**

As of the Effective Date, Denbury Resources Inc. (the “Company”) hereby amends and restates the severance plan known as the Denbury Resources Severance Protection Plan, which plan was originally adopted effective December 6, 2000, subsequently amended effective December 5, 2007, December 30, 2008, and December 31, 2010, amended and restated effective December 15, 2011 and December 13, 2012, and hereby further amended and restated effective May 6, 2015, and which as set forth in this document is hereinafter referred to as the (“Plan.”) For purposes of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), the Company intends the Plan to continue to be a “Severance Plan” within the meaning of the applicable ERISA regulations.

**ARTICLE II  
DEFINITIONS**

As used herein, the following words and phrases shall have the following respective meanings unless the context clearly indicates otherwise.

**Section 2.1 Administrator.** The Board or any committee thereof as may be appointed from time to time by the Board to supervise the administration of the Plan.

**Section 2.2 Affiliate.** With respect to a specified person, a person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the specified person.

**Section 2.3 Base Salary.** The amount a Participant is entitled to receive as wages or salary on an annualized basis, calculated on the basis of their salary rate on either the date immediately prior to a Change of Control or their Termination Date, whichever amount is higher.

**Section 2.4 Board.** The Board of Directors of the Company.

**Section 2.5 Bonus Amount.** An amount equal to fifty percent (50%) of the total amount of bonuses paid to a Participant related to the two most recent annual periods ending prior to the date of the Change of Control, such bonuses to consist of any discretionary bonuses and any annual incentive cash awards (or in the latter case, any successor performance-based bonus); provided that if a Change of Control occurs prior to the payment of two incentive cash awards, then the one incentive cash award which has been paid shall be counted twice in the determining the total amount of bonuses paid to the Participant.

**Section 2.6 Cause.** An Employer shall have “Cause” to terminate a Participant if the Participant (i) willfully and continually fails to substantially perform his duties with the Employer (other than a failure resulting from the Participant's incapacity due to physical or mental illness), or (ii) willfully engages in conduct which is demonstrably and materially injurious to the Employer, monetarily or otherwise. No act, nor failure to act, on the Participant's part, shall be considered “willful” unless he has acted or failed to act with an absence of good faith and without a reasonable belief that his action or failure to act was in the best interest of the Employer. Notwithstanding anything contained in this Plan to the contrary, no failure to perform by the Participant after Notice of Termination is given by or to the Participant shall constitute Cause.

**Section 2.7 Change of Control.** A “Change of Control” shall mean the occurrence of any one of the following with respect to the Company:

(a) “Continuing Directors” no longer constitute a majority of the Board; the term (i) “Director” shall mean a member of the Board, and (ii) “Continuing Director” shall mean any individual who has served as a Director for one year or more, together with any new Directors whose election by the Board or whose nomination for election by the shareholders of the Company was approved by a vote of a majority of the Directors then still in office who were either Directors at the beginning of such one-year period or whose election or nomination for election was previously so approved;

(b) any person or combination of persons acting as a group (as defined in Rule 13d-3 under the Securities Exchange Act of 1934 (as amended from time to time, including rules thereunder and successor provisions and rules thereto, the “Exchange Act”)) become the beneficial owners (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of Common Shares representing thirty percent (30%) or more of the voting power of the Company’s then outstanding securities entitled generally to vote for the election of Directors;

(c) a merger or consolidation to which the Company is a party, regardless of the surviving entity in such transaction, if (i) the shareholders of the Company immediately prior to the effective date of such merger or consolidation have beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) of less than fifty percent (50%) of the combined voting power to vote for the election of directors of the surviving corporation, or other entity following the effective date of such merger or consolidation, or (ii) following such merger or consolidation, fifty percent (50%) or more of the individuals who (on the date immediately prior to the date of execution of the agreement providing for such merger or consolidation) constitute the members of Senior Management do not, as of a date six months after such merger or consolidation, hold an officer’s position which would make them a member of senior management of the surviving corporation; or

(d) the sale of all, or substantially all, of the assets of the Company or the liquidation or dissolution of the Company.

Notwithstanding anything herein to the contrary, under no circumstances will a change in the constitution of the board of directors or managers of any Subsidiary, a change in the beneficial ownership of any Subsidiary, the merger or consolidation of a Subsidiary with any other entity, the sale of all or substantially all of the assets of any Subsidiary or the liquidation or dissolution of any Subsidiary (in each case which does not constitute and is not part of a sale of all or substantially all of the assets of the Company) constitute a “Change of Control” under this Plan.

**Section 2.8 Common Shares.** “Common Shares” means shares of common stock, \$.001 par value of Denbury Resources Inc.

**Section 2.9 Company.** Denbury Resources Inc., a Delaware corporation.

**Section 2.10 Disability.** “Disability” shall mean a Participant’s inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which, in the reasonable opinion of the Administrator based on such medical evidence as it deems necessary, can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; provided, however, that such Disability did not result, in whole or in part from: (i) a felonious undertaking or (ii) an intentional self-inflicted wound.

**Section 2.11 Effective Date.** December 13, 2012.

**Section 2.12 Employee.** An individual shall be an “Employee” only if the individual is shown as an employee of an Employer on the payroll records of such Employer. In addition, any person eligible for benefits under a severance plan not originally sponsored by the Company or Subsidiaries of the Company as of the date of adoption of this amended and restated Plan, including the EAP Properties Inc. Employee Severance Protection Plan (any such plan being an “Acquired Plan”), shall not be entitled to receive benefits under this Plan except to the extent and in the amount that benefits payable under this Plan are in excess of amounts payable to that person under such an Acquired Plan.

**Section 2.13 Employer.** The Company and any Participating Employer. With respect to a Participant who is not an employee of the Company, any reference under this Plan to such Participant's “Employer” shall refer only to the employer of the Participant, and in no event shall be construed to refer to the Company as well.

**Section 2.14 Good Reason.** “Good Reason” shall mean the occurrence of any of the following events or conditions:

(a) a material diminution in the Participant's authority, duties or responsibilities;

(b) a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Participant is required to report, including a requirement that a Participant report to an Officer or Employee instead of reporting directly to the Board of the Company;

- (c) a material diminution in the Participant's base compensation;
  - (d) a material change in the geographic location at which the Participant must perform the services,
- or;
- (e) any material breach by the Employer of any provision of this Plan.

The Participant is required to provide written notice to the Employer of the existence of the condition that would result in termination of employment for Good Reason within 90 days of the initial existence of the condition. Upon receipt of such written notice, the Employer has 30 days to remedy the condition (the "cure period"). If the Employer does not remedy the condition within the cure period, the Participant will meet the requirements for termination of employment for Good Reason, provided, however, that the Participant actually does terminate his employment not more than thirty (30) days after the expiration of the Employer's cure period.

**Section 2.15 Notice of Termination.** A notice which indicates the specific basis for any termination of employment; no purported termination of employment shall be effective without such Notice of Termination.

**Section 2.16 Officer.** Each individual who at the time in question is a corporate officer of the Company and is so designated pursuant to the Company's Bylaws, provided that solely for purposes of Section 6.1 hereof, "Officer" shall be confined to individuals who are (i) Participants, and (ii) a member or Senior Management (as defined below) or any Vice President of the Company.

**Section 2.17 Participant.** A Participant who meets the eligibility requirements of Article III.

**Section 2.18 Participating Employer.** Each Subsidiary of the Company shall be a Participating Employer in this Plan unless determined otherwise by the Company.

**Section 2.19 Payment Date.** For a Participant entitled to payment under Section 4.1 as a result of a termination of employment other than for Cause during the period beginning six months prior to a Change of Control and ending on the Change of Control, the Payment Date is the first business day that is at least fifteen (15) days after the Change of Control. For a Participant entitled to payment under Section 4.1 as a result of a termination of employment other than for Cause during the period beginning on the Change of Control and ending two years after the Change of Control, the Payment Date is the first business day that is at least fifteen (15) days after the Participant's termination of employment.

**Section 2.20 Senior Management.** Shall mean that group of Participants composed of the Company's Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, Executive Vice Presidents, Senior Vice Presidents and General Counsel, as such specific positions exist and individuals are then serving in such positions at the time in question.

**Section 2.21 Severance Benefit.** The benefits payable in accordance with Article IV of the Plan.

**Section 2.22 Severance Units.** A Participant who is neither (x) a member of Senior Management nor (y) an Officer not a member of Senior Management, shall receive one (1) Severance Unit, to be used in calculating his Severance Benefit, for (i) each ten thousand dollars (\$10,000) of the aggregate of his Base Salary plus Bonus Amount, and (ii) each twelve months of employment by the Company or an Employer; the sum of any partial Severance Units under (i) and (ii) shall be rounded to the nearest higher whole number of Severance Units. However, the maximum number of Severance Units that may be granted to a Participant is eighteen (18), and each Participant shall be granted at least four (4) Severance Units.

**Section 2.23 Subsidiary.** Any corporation or other entity that is a member of a controlled group, as defined in Section 414(b) or (c) of the Internal Revenue Code of 1986, as amended (the "Code"), with the Company.

**Section 2.24 Termination Date.** In the case of the Participant's death, the Participant's Termination Date shall be his date of death. In all other cases, the Participant's Termination Date shall be the date specified in the written Notice of Termination and as of which date the Participant does in fact terminate employment with his Employer.

**ARTICLE III  
ELIGIBILITY AND PARTICIPATION**

**Section 3.1 Participation.** Each Employee of the Company or of a Participating Employer during the time such employer is participating in this Plan shall be eligible to participate in the Plan, as amended from time to time hereafter. An Employee of an Employer shall automatically cease being a Participant if his employment terminates more than six months prior to a Change of Control or more than two years after a Change of Control, or at any time for a reason that does not entitle the Participant to benefits under the Plan. Without limitation, an Employee of an Employer shall be ineligible for benefits under the Plan if his employment terminates at any time due to death or Disability, or due to termination by the Employer for Cause or due to his terminating his employment for any reason other than Good Reason.

**Section 3.2 Duration of Participation.** Once an Employee of an Employer becomes a Participant, a Participant shall cease to be a Participant in the Plan upon the first to occur of: (i) the date his employment is terminated under circumstances where he is not entitled to a Severance Benefit under the terms of this Plan, or (ii) the date on which he has received all of the benefits to which he is entitled under this Plan.

**ARTICLE IV  
SEVERANCE BENEFITS**

**Section 4.1 Right to Severance Benefit.**

(a) After a Change of Control has occurred, a Participant shall be entitled to receive from the Employer a Severance Benefit in the amount provided in Sections 4.2 and 4.3 if (i) his employment is terminated by the Company or a Participating Employer, during the period beginning six months prior to a Change of Control and ending two years after a Change of Control, for any reason other than for Cause or (ii) Participant terminates his employment for Good Reason; provided that a Participant shall not be entitled to receive such a Severance Benefit if the Participant's employment is terminated due to Participant's Disability or death.

(b) A Participant shall be entitled to a Severance Benefit if that individual satisfies all the conditions under the Plan required to qualify as a Participant and he or she is not otherwise disqualified or excluded from eligibility under the terms of the Plan.

(c) Notwithstanding any other provision of the Plan, the sale, divestiture or other disposition of a Subsidiary, shall not be deemed to be a termination of employment of Employees employed by such Subsidiary, and such Employees shall not be entitled to benefits from the Company, any Participating Employer or any Subsidiary under this Plan as a result of such sale, divestiture, or other disposition, or as a result of any subsequent termination of employment.

**Section 4.2 Amount of Severance Benefit.** If a Participant is entitled to a Severance Benefit under Section 4.1, the Employer shall pay to the Participant, on the Payment Date, an amount in cash equal to one of the following amounts:

(a) for members of Senior Management, three (3) times the sum of the Participant's Base Salary and the Bonus Amount;

(b) for all other Officers that are not members of Senior Management, two and one-half (2-1/2) times the sum of the Participant's Base Salary and the Bonus Amount; and

(c) for all other Participants, one-twelfth (1/12) of the sum of the Participant's Base Salary and Bonus Amount multiplied by the Participant's Severance Units.

**Section 4.3 Further Benefits.** If a Participant is entitled to a Severance Benefit under Section 4.1, such Participant shall also be entitled to:

(a) Continuation at Employer's expense, on behalf of the Participant and his dependents and beneficiaries, all medical, dental, vision, and health benefits and insurance coverage which were being provided to the Participant at the time of termination of employment for a period of time subsequent to the Participant's termination of employment. This period of time shall be up to 18 months for members of Senior Management; up to 15 months for all other Officers that are not members of Senior Management; and up to 9 months for all other Participants (determined

based on no more than fifty percent (50%) of such Participants' Severance Units). The benefits provided in this Section 4.3(a) shall be no less favorable to the Participant, in terms of amounts and deductibles and costs to him, than the coverage provided the Participant under the plans providing such benefits at the time of termination of the Participant's employment. The payment by the Employer of the cost of such benefits shall be treated as additional taxable income to such Participants to the extent necessary to avoid a violation of the nondiscrimination provisions of Section 105(h) of the Code. Should the continuation of any medical or similar coverages be through fully insured plans, and should such continuation violate the nondiscrimination requirements for such plans under the Patient Protection and Affordable Care Act ("Health Care Reform"), then such Participants shall receive additional cash severance benefits rather than continued coverage under such plans of Employer in an amount based on the premium cost of such coverage that the Employer would otherwise pay under this sentence.

(b) The Employer's obligation hereunder to provide a benefit shall terminate if the Participant obtains comparable coverage under a subsequent employer's benefit plan. For purposes of the preceding sentence, benefits will not be comparable during any waiting period for eligibility for such benefits or during any period during which there is a preexisting condition limitation on such benefits. The Employer also shall pay a lump sum equal to the amount of any additional income tax payable by the Participant and attributable to the taxability of the cost of the benefits provided under subparagraph (a) of this Section within the time limitations for reimbursing such tax under Section 12.11 hereof. At the end of the period of coverage set forth above, the Participant shall be entitled to all health and similar benefits that are or would have been made available to the Participant pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA") or other applicable law, as if the Participant then terminated employment or had a reduction in hours triggering a right to benefits under COBRA or other applicable law at the end of such period.

**Section 4.4 Mitigation or Set-off of Amounts Payable Hereunder.** The Participant shall not be required to mitigate the amount of any payment provided for in this Article IV by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Article IV be reduced by any compensation earned by the Participant as the result of employment by the Company or any successor after the Payment Date or by another employer after the Termination Date, or otherwise. The Employer's obligations hereunder also shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Employer may have against the Participant.

**Section 4.5 Company Guarantee of Severance Benefit.** In the event a Participant becomes entitled to receive from the Employer a Severance Benefit under this Article IV above and such Employer fails to pay such Severance Benefit, the Company shall assume the obligation of such Employer to pay such Severance Benefit. In consideration of the Company's assumption of the obligation to pay such Severance Benefit provided under this Plan, the Company (as the source of payment of benefits under the Plan) shall be subrogated to any recovery (irrespective of whether there is recovery from the third party of the full amount of all claims against the third party) or right to recovery of either a Participant or his legal representative against the Employer or any person or entity. The Participant or his legal representative shall cooperate in doing what is reasonably necessary to assist the Company in exercising such rights, including but not limited to notifying the Company of the institution of any claim against a third party and notifying the third party and the third party's insurer, if any, of the Company's subrogation rights. Neither the Participant nor his legal representative shall do anything after a loss to prejudice such rights. In its sole discretion, the Company reserves the right to prosecute an action in the name of the Participant or his legal representative against any third parties potentially liable to the Participant. The Company shall have the absolute discretion to settle subrogation claims on any basis it deems warranted and appropriate under the circumstances. If a Participant or his legal representative initiates a lawsuit against any third parties potentially liable to the Participant, the Company shall not be responsible for any attorney's fees or court costs that may be incurred in such liability claim. The Company shall be entitled, to the extent of any payments made to or on behalf of a Participant or a dependent of the Participant, to be paid first from the proceeds of any settlement or judgment that may result from the exercise of any rights of recovery asserted by or on behalf of a Participant or his legal representative against any person or entity legally responsible for the injury for which such payment was made. The right is also hereby given the Company to receive directly from the Employer or any third party(ies), attorney(s) or insurance company(ies) an amount equal to the amount paid to or on behalf of the Participant.

**Section 4.6 Forfeiture of Severance Benefits.** A Participant shall forfeit any and all entitlement to any Severance Benefit if the Administrator determines that the Participant has failed to fulfill any requirement of the Plan.

**Section 4.7 Payment after Death.** If a Participant dies before his or her Severance Benefits have been paid in full, the remaining Severance Benefits will be paid to the beneficiaries named in such Participant's last will and testament, or if no will or beneficiary exist then to such Participant's heirs at law, and shall be paid within no more than 90 days following the Participant's

death. The Plan shall be discharged fully and completely to the extent of any payment made to any such beneficiaries or heirs at law.

## ARTICLE V TERMINATION OF EMPLOYMENT

**Section 5.1 Written Notice Required.** Subject to Section 12.10, any purported termination of employment, either by the Employer or by the Participant, shall be communicated by written Notice of Termination to the other.

## ARTICLE VI ADDITIONAL PAYMENTS BY THE COMPANY; NET BEST TREATMENT DETERMINATION

**Section 6.1 Gross-Up Payment.** In the event it shall be determined that any payment or distribution of any type by the Employer to or for the benefit of an Officer, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise (the "Total Payments"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are collectively referred to as the "Excise Tax"), then the Officer shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that at the time of payment by the Officer of all income and "FICA" taxes (including any interest and penalties imposed with respect to such taxes) imposed upon the Gross-Up Payment, the Officer shall receive a net Gross-Up Payment equal to the Excise Tax imposed upon the Total Payments. The Gross-Up Payment shall be made in the manner specified in Section 12.11.

**Section 6.2 Determination By Accountant.** All determinations required to be made under this Article VI, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by the independent accounting firm retained by the Company on the date of Change of Control, or such other independent qualified third party firm retained for such purpose (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Officer within fifteen (15) business days of the Payment Date or Termination Date, whichever is applicable, or such earlier time as is requested by the Company. If the Accounting Firm determines that no Excise Tax is payable by the Officer, it shall furnish the Officer with an opinion that he has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and the Officer. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that a Gross-Up Payment which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 6.3 and the Officer thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Officer in the manner specified in Section 12.11.

**Section 6.3 Notification Required.** The Officer shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten (10) business days after the Officer knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Officer shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Officer in writing prior to the expiration of such period that it desires to contest such claim, the Officer shall:

- (a) give the Company any information reasonably requested by the Company relating to such claim,
- (b) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
- (c) cooperate with the Company in good faith in order to effectively contest such claim,
- (d) permit the Company to participate in any proceedings relating to such claim, provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Officer harmless, on an after-tax basis, for any



Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Any such payments hereunder shall be made in the manner specified in Section 12.11. Without limitation on the foregoing provisions of this Section 6.3, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Officer to pay the tax claimed and sue for a refund, or contest the claim in any permissible manner, and the Officer agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Officer to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Officer, on an interest-free basis and shall indemnify and hold the Officer harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Officer with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Officer shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

**Section 6.4 Repayment.** If, after the receipt by the Officer of an amount advanced by the Company pursuant to Section 6.3, the Officer becomes entitled to receive any refund with respect to such claim, the Officer shall (subject to the Company's complying with the requirements of Section 6.3) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Officer of an amount advanced by the Company pursuant to Section 6.3, a determination is made that the Officer shall not be entitled to any refund with respect to such claim and the Company does not notify the Officer in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

**Section 6.5 "Net Best" Treatment Determination.** Notwithstanding anything in this Agreement to the contrary, any Officer, who is not eligible for any payment under **Section 6.1** because of their election as a corporate officer after January 1, 2011 (*i.e.*, those Officers not named in attached Schedule A), is a "disqualified individual" (as defined in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code")), and any compensation, payment or distribution by the Company to or for the benefit of such Officer, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (collectively the "Severance Payments"), would be subject to Excise Taxes, the following provisions shall apply:

(a) If the Severance Payments, reduced by the sum of the Excise Tax and the total of the Federal, state, and local income and employment taxes payable by such Officer on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, such Officer shall be entitled to the full Severance Benefits payable under this Plan.

(b) If the Threshold Amount is less than (x) the Severance Payments, but greater than (y) the Severance Payments reduced by the sum of the Excise Tax and the total of the Federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the Severance Payments shall be reduced (but not below zero) to the extent necessary so that the sum of all Severance Payments shall not exceed the Threshold Amount. In such event, the Severance Payments shall be reduced in the following order to the extent applicable: (1) cash Severance Benefits not subject to Section 409A of the Code; (2) cash Severance Benefits subject to Section 409A of the Code; (3) equity-based Severance Benefits and any accelerated equity-based Severance Benefits; and (4) non-cash forms of Severance Benefits. To the extent any Severance Benefits are to be made over time (*e.g.*, in installments, etc.), then any such Severance Benefits shall be reduced in reverse chronological order. If any reduced payment is made and through error or otherwise that payment exceeds the Threshold Amount, such Officer shall immediately repay such excess to the Company upon notification that any such overpayment has been made to the Officer.

For the purposes of this **Section 6.5**, "Threshold Amount" shall mean three times the Officer's "base amount" within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder less one dollar (\$1.00). The determination as to which of the alternative provisions of this **Section 6.5** shall apply to such Officer shall be made substantially in accordance with the procedure set forth in **Section 6.2** as if the determination by the Accounting Firm were with respect to a Gross-Up Payment.

Any determination related to application of the foregoing provisions by the Accounting Firm shall be conclusive and binding upon the Company and any such Officer.

## **ARTICLE VII SUCCESSORS TO COMPANY**

**Section 7.1 Successors.** This Plan shall bind any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, in the same manner and to the same extent that the Company would be obligated under this Plan if no succession had taken place. As used herein, “the Company” shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which otherwise becomes bound by all the terms and provisions hereof by operation of law.

## **ARTICLE VIII DURATION, AMENDMENT, PLAN TERMINATION AND ADOPTION BY SUBSIDIARIES**

**Section 8.1 Duration.** This Plan shall continue in effect until terminated in accordance with Section 8.2. If a Change of Control occurs, this Plan shall continue in full force and effect, and shall not terminate or expire, until after all Participants who have become entitled to a Severance Benefit hereunder shall have received all of such benefits in full.

**Section 8.2 Amendment and Termination.** The Plan and its attached Schedules may be terminated or amended in any respect by resolution adopted by two-thirds of the Board; provided, however, that no such amendment or termination of the Plan may be made if such amendment or termination would adversely affect any right of a Participant who became a Participant prior to the later of (i) the date of adoption of any such amendment or termination, or (ii) the effective date of any such amendment or termination; and, provided further, that the Plan no longer shall be subject to amendment, change, substitution, deletion, revocation or termination which adversely affects any Participant in any respect whatsoever within two (2) years following a Change of Control.

**Section 8.3 Form of Amendment.** The form of any amendment or termination of the Plan shall be a written instrument signed by a duly authorized officer or officers of the Company, certifying that the amendment or termination has been approved by the Board.

## **ARTICLE IX CLAIMS AND APPEAL PROCEDURES**

**Section 9.1 Claims Procedure.** With respect to any claim for Severance Benefits under the Plan, the Administrator will issue a decision on whether the claim is denied or granted within ninety (90) days after receipt of the claim by the Administrator, unless special circumstances require an extension of time for processing the claim, in which case a decision will be rendered not later than ninety (90) days after receipt of the claim. Written notice of the extension will be furnished to the Participant prior to the expiration of the initial ninety (90) day period and will indicate the special circumstances requiring an extension of time for processing the claim and will indicate the date the Administrator expects to render its decision. If the claim is denied in whole or in part, the decision in writing by the Administrator shall include the specific reasons for the denial and reference to the Plan provisions on which the denial is based. The decision also shall include: (i) a description of any additional material or information necessary for the Participant to perfect the claim, and an explanation of why the material or information is necessary and (ii) an explanation of the claims review procedure and the time limits applicable to such procedures, including a statement of the Participant’s right to bring a civil action under section 502(a) of ERISA following a denial upon review of the claim.

**Section 9.2 Appeals Procedure.** If his claim is denied in whole or in part, a Participant may appeal in writing a denial of the claim, in part or in whole, and request a review by the Administrator. The appeal must be submitted within sixty (60) days after notice of the denial of the claim. The Administrator shall afford the Participant a full and fair review of the decision denying the claim and shall: (i) provide, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the claim; (ii) permit the Participant to submit to the Administrator written comments, documents, records and other information relating to the claim; and (iii) provide a review that takes into account all comments, documents, records and other information submitted by the Participant relating to the claim, without regard to whether such information was submitted or considered in the initial determination. The Administrator will review the appeal and notify the Participant of the final decision within sixty (60) days after receiving the request for review unless the Administrator requires an extension due to special circumstances, in which case the final decision will be made within sixty (60) days after the Administrator receives the

request for review. If special circumstances require an extension of time, the Participant shall be furnished written notice prior to the termination of the initial 60-day period which explains the special circumstances requiring an extension of time and the date by which the Administrator expects to render its decision on review. The decision on review shall include: (i) specific reasons for the decision, (ii) references to the specific Plan provisions on which the decision of the Administrator is based, (iii) a statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the Participant's claim, and (iv) a statement describing any voluntary appeal procedures offered by the Plan and a statement of the Participant's right to bring an action under Section 502(a) of ERISA.

**Section 9.3 Exclusive Initial Remedy.** No action may be brought for benefits provided by this Plan or to enforce any right hereunder until after a claim has been submitted to and determined by the Administrator and all appeal rights under the Plan have been exhausted. Thereafter, the Participant may bring an action for benefits provided by this Plan or to enforce any right hereunder. The Participant's beneficiary should follow the same claims procedure in the event of the Participant's death.

## ARTICLE X PLAN ADMINISTRATION

**Section 10.1 In General.** The general administration of the Plan and the duty to carry out its provisions shall be vested in the Administrator, which shall be the "Plan Administrator" as that term is defined in Section 3(16)(A) of ERISA. The Plan and Severance Benefits under the Plan shall be administered by the Administrator appointed from time to time by the Company. The Administrator may, in its discretion, secure the services of other parties, including agents and/or Employees to carry out the day-to-day functions necessary to an efficient operation of the Plan. The Administrator's interpretations, decisions, requests and exercises of power and responsibilities shall not be subject to review by anyone and shall be final, binding, and conclusive upon all persons. The Administrator shall, in its sole and absolute discretion, have the exclusive right to interpret all of the terms of the Plan, to determine eligibility for coverage and benefits, to resolve disputes as to eligibility, type, or amount of benefits, to correct any errors or omissions in the form or operation of the Plan, to make such other determinations with respect to the Plan, and to exercise such other powers and responsibilities as shall be provided for in the Plan or as shall be necessary or helpful with respect thereto. The Administrator under and pursuant to this Plan shall be the named fiduciary for purposes of section 402(a) of ERISA with respect to all powers and duties expressly or implicitly assigned to it hereunder. Any determination or decision by the Company made under or with respect to any provision of the Plan shall be in the Company's sole and absolute discretion, shall not be subject to review by anyone and shall be final, binding and conclusive upon all persons. Benefits under this Plan will be paid only if the Administrator decides in its discretion that the applicant is entitled to them.

**Section 10.2 Reimbursement and Compensation.** The Administrator shall receive no compensation for its services as Administrator, but it shall be entitled to reimbursement for all sums reasonably and necessarily expended by it in the performance of such duties.

**Section 10.3 Rulemaking Powers.** The Administrator shall have the power to make reasonable and uniform rules and regulations required in the administration of the Plan, to make all determinations necessary for the Plan's administration, except those determinations which the Plan requires others to make, and to construe and interpret the Plan wherever necessary to carry out its intent and purpose and to facilitate its administration.

## ARTICLE XI SOURCE OF SEVERANCE PAYMENT

**Section 11.1 No Separate Fund Established** All Severance Benefits shall be paid in cash from the general funds of the Company or an Employer, and no special or separate fund shall be established. Nothing contained in the Plan shall create or be construed to create a trust of any kind, and nothing contained in the Plan nor any action taken pursuant to the provisions of the Plan shall create or be construed to create a fiduciary relationship between the Company or an Employer and a Participant, beneficiary, Employee or other person. To the extent that any person acquires a right to receive Severance Benefits from the Company or an Employer under the Plan, such right shall be no greater than the right of any unsecured general creditor of the Company or Employer. For purposes of the Code, the Company intends this Plan to be an unfunded, unsecured promise to pay on the part of the Company. For purposes of ERISA, the Company intends the Plan to be a "severance plan" within the meaning of the applicable ERISA regulations.

## ARTICLE XII MISCELLANEOUS

**Section 12.1 Participant's Legal Expenses.** The Company agrees to pay, upon written demand therefor by the Participant, fifty percent (50%) of all legal fees and expenses which the Participant may reasonably incur in order to collect amounts to be paid or obtain benefits to be provided to such Participant under the Plan, plus in each case interest at the "applicable Federal rate" (as defined in Section 1274(d) of the Code). In any such action brought by a Participant for damages or to enforce any provisions hereof, he shall be entitled to seek both legal and equitable relief and remedies, including, without limitation, specific performance of the Company's obligations hereunder, in his sole discretion. However, in any instance where a Participant receives, as the result of a final, nonappealable judgment of a court of competent jurisdiction or a mutually agreed upon settlement with the Company, Severance Benefits greater than those first offered by the Company or its successor to the Participant, then the Company shall pay one hundred percent (100%) of all such legal fees and expenses incurred by the Participant. Any such payments hereunder shall be made in the manner specified in Section 12.11.

**Section 12.2 Employment Status.** This Plan does not constitute a contract of employment or impose on the Employer any obligation to retain a Participant as an Employee, to change the status of a Participant's employment, or to change any employment policies of the Employer.

**Section 12.3 Validity and Severability.** The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision of the Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**Section 12.4 The Participant's Heirs, etc.** This Agreement shall inure to the benefit of and be enforceable by the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Participant should die while any amounts would still be payable to him hereunder as if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms hereof to his designee or, if there be no such designee, to his estate.

**Section 12.5 Governing Law.** The validity, interpretation, construction and performance of the Plan shall in all respects be governed by the laws of the State of Texas.

**Section 12.6 Choice of Forum.** A Participant shall be entitled to enforce the provisions of this Plan in any state or federal court located in the Collin County, Texas, in addition to any other appropriate forum.

**Section 12.7 Notice.** For the purposes hereof, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the Company at its principal place of business and to the Participant at his address as shown on the records of the Employer, provided that all notices to the Company shall be directed to the attention of the Chief Executive Officer of the Company with a copy to the Secretary of the Company, or to such other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

**Section 12.8 Alienation.** No benefit, right or interest of any person under the Plan will be subject to alienation, anticipation, sale, transfer, assignment, pledge, encumbrance or charge, seizure, attachment or legal, equitable or other process or be liable for or subject to, the debts, liabilities or other obligations of such persons, except as otherwise required by law. No Participant, dependent or their beneficiary shall have any right or claim to benefits from the Plan, except as specified in the Plan.

**Section 12.9 Pronouns.** A pronoun or adjective in the masculine gender includes the feminine gender, and the singular includes the plural, unless the context clearly indicates otherwise.

**Section 12.10 Section 409A.** It is the intent of the parties that this Plan be interpreted and administered in compliance with the requirements of section 409A of the Code ("Section 409A") to the extent applicable. In this connection, the Administrator or Company shall have authority to take any action, or refrain from taking any action, with respect to this Plan that is reasonably necessary to ensure compliance with Section 409A (provided that the Administrator or Company shall choose the action that best preserves the value of the payments and benefits provided to any Participant under this Plan). In the event a Participant is a "specified employee" within the meaning of Section 409A, payments which constitute a "deferral of compensation" under Section 409A and which would otherwise become due during the first six (6) months following such Participant's termination of employment shall: (i) be delayed; (ii) all such delayed payments shall be paid in full in the seventh (7th) month after the Participant's termination of employment (the date of payment within such seventh month being within the sole discretion of the Company); and (iii) all subsequent payments shall be paid in accordance with their original payment schedule; provided, however, that the above delay shall not apply to any payments that are excepted from coverage by Section 409A, including, but not limited to, those payments

covered by the short-term deferral exception described in Treasury Regulations section 1.409A-1(b)(4). A termination of a Participant's employment hereunder (and similar phrases used under the Plan), shall be interpreted as a "separation from service" within the meaning of Section 409A. Notwithstanding the preceding, the Administrator, the Company and its Affiliates shall not be liable to any Participant or any other person if the Internal Revenue Service or any court or other authority having jurisdiction over such matter determines for any reason that any amount hereunder is subject to taxes, penalties or interest as a result of failing to comply with Section 409A.

**Section 12.11 Reimbursements.** With respect to the reimbursement of fees, taxes and expenses provided for herein, including payments made pursuant to indemnification provisions, and Gross Up Payments, the following shall apply: (i) unless a specific time period during which such expense reimbursements and tax gross-up payments may be incurred is provided for herein, such time period shall be deemed to be Participant's lifetime; (ii) the amount of expenses eligible for reimbursement hereunder in any particular year shall not affect the expenses eligible for reimbursement in any other year; (iii) the right to reimbursement of expenses shall not be subject to liquidation or exchange for any other benefit; and (iv) a Participant shall be entitled to a reimbursement of an eligible expense or a Gross-Up Payment hereunder only if such claim or reimbursement request is made to the Employer on or before 15 days prior to the last day of the calendar year following the calendar year in which the expense was incurred or the tax was remitted, as the case may be, and the reimbursement is made on or before the last day of such calendar year.

\_\_\_\_\_ Shares

Date of Grant: \_\_\_\_\_

**RESTRICTED SHARE AWARD**  
**ANNUAL VESTING AWARD**  
**2004 OMNIBUS STOCK AND INCENTIVE PLAN**  
**FOR DENBURY RESOURCES INC.**

THIS RESTRICTED SHARE AWARD (this “Award”) is made effective on the Date of Grant by Denbury Resources Inc. (the “Company”) in favor of \_\_\_\_\_ (“Holder”).

**WHEREAS**, the Company desires to grant to the Holder certain Restricted Shares under, in accordance with, and for the purposes set forth in, the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc., as amended and/or restated (the “Plan”);

**WHEREAS**, in accordance with the provisions of Section 16 of the Plan, Restricted Shares may be issued by the Company in the Holder’s name and be issued and outstanding for all purposes (except as provided below or in the Plan) but held by the Company (together with the stock power set forth below) until such time as such Restricted Shares are Vested by reason of the lapse of the applicable Restrictions, after which time the Company shall make delivery of the Vested Shares to Holder; and

**WHEREAS**, the Company and Holder understand and agree that this Award is in all respects subject to the terms, definitions and provisions of the Plan, all of which are incorporated herein by reference, except to the extent otherwise expressly provided in this Award.

**NOW THEREFORE**, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties agree as follows:

**1. Restricted Share Award.** The Company hereby grants and delivers to the Holder an aggregate of \_\_\_\_\_ ( \_\_\_\_\_ ) Restricted Shares (“Award Restricted Shares”) on the terms and conditions set forth in the Plan and supplemented in this Award, including, without limitation, the Restrictions more specifically set forth in Section 2 below.

**2. Vesting of Award Restricted Shares.** The Restrictions on the Award Restricted Shares shall lapse (Award Restricted Shares with respect to which Restrictions have lapsed being herein referred to as “Vested Shares”) and such Award Restricted Shares shall become (i) non-forfeitable with respect to a specified percentage of Award Restricted Shares on the dates set forth in (a) through (c) below, and (ii) will become 100% Vested on the occurrence (if any) of the earliest of the dates set forth in (d) through (g) below:

- (a) 34% of the Award Restricted Shares on the date of the 1<sup>st</sup> Anniversary of the Date of Grant;
- (b) 33% of the Award Restricted Shares on the date of the 2<sup>nd</sup> Anniversary of the Date of Grant
- (c) 33% of the Award Restricted Shares on the date of the 3<sup>rd</sup> Anniversary of the Date of Grant;
- (d) the date of Holder’s death or Disability;
- (e) the date of a Change in Control;
- (f) the date of a Post-Separation Change in Control; and
- (g) the date of Holder’s Retirement Vesting Date, provided that such date is at least one year from the Date of Grant. In the event that Holder’s Retirement Vesting Date occurs prior to the first anniversary of the Date of Grant, the Vesting

Date pursuant to this Paragraph 2(e) shall be the first anniversary of the Date of Grant, unless the applicable Award Restricted Shares have been forfeited pursuant to Section 3.

For purposes of this Award, the term “**Post-Separation Change in Control**” means a Change in Control which follows the Holder’s Separation, but results from the Commencement of a Change in Control that occurs prior to the Holder’s Separation. For all purposes of this Award, the term “**Commencement of a Change in Control**” means the date on which any material action, including without limitation through a written offer, open-market bid, corporate action, proxy solicitation or otherwise, is taken by a “person” (as defined in Section 13(d) or Section 14(d)(2) of the 1934 Act), or a “group” (as defined in Section 13(d)(3) of the 1934 Act), or their affiliates, to commence efforts that, within 12 months after the date of such material action, leads to a Change in Control involving such person, group, or their affiliates.

**3. Restrictions - Forfeiture of Award Restricted Shares.** The Award Restricted Shares are subject to Restrictions including that all rights of Holder to any Award Restricted Shares which have not become Vested Shares shall automatically, and without notice, terminate and shall be permanently forfeited on the date of Holder’s Separation. Notwithstanding the foregoing, if there is an applicable Post-Separation Change in Control, the previously forfeited Award Restricted Shares (and any corresponding Restricted Share Distributions) shall be reinstated and become Vested and, for all purposes of this Award, Holder will be deemed to have Separated on the day after such Post-Separation Change in Control.

**4. Withholding.** If and when any Award Restricted Shares and any related Restricted Share Distributions become Vested, the minimum statutory tax withholding required to be made by the Company, or other withholding rate as determined by the Committee in its discretion if determined not to be detrimental to the Company or Participant, shall be paid by Holder to the Administrator, as applicable, in cash, by delivery of Shares, which Shares may be in whole or in part Vested Shares, based on the Fair Market Value of such Shares on the date of delivery, or via payroll deduction. The Holder, in his sole discretion, may direct that the Company withhold at any rate which is in excess of the minimum withholding rate described in the preceding sentence, but not in excess of the highest incremental tax rate for Holder, and such additional directed withholding will be made in the same manner as described in the preceding sentence except that such additional directed withholding may only be paid in Shares which have been previously acquired and have been held by Holder for at least six (6) months prior to the date of delivery.

**5. Issuance of Shares.** As holder of the Award Restricted Shares, Holder shall have voting rights related to such Shares to the same extent as an owner of Common Stock. However, in lieu of the right to receive regular cash or stock dividends (Dividends) relative to such Award Restricted Shares, during the Restricted Period, the Holder is entitled to a Restricted Share Distribution whenever the Company pays a Dividend on the shares of Common Stock underlying the Award Restricted Shares, in each case in accordance with, and subject to, the terms of the Plan and this Award. The amount of the Restricted Share Distribution shall be shares, cash, or other property equal to, in the case of (i) cash or shares, the product of (a) the per-share amount of the Dividend paid and (b) the number of Award Restricted Shares held on the record date related to the Dividend being paid on the underlying Common Stock represented by such Award Restricted Shares; or (ii) other property, the amount determined by the Administrator. Pursuant to the terms of the Plan, the Company will retain custody of all Restricted Share Distributions (which are subject to the same Restrictions, terms, and conditions as the related Award Restricted Shares) until the conclusion of the Restricted Period. If an Award Restricted Share is forfeited, any such related Restricted Share Distributions also shall be forfeited.

The Administrator shall deliver the Vested Shares and Restricted Share Distribution amount (the former reduced by the number of Vested Shares or cash, as applicable, and the latter reduced by payroll deduction delivered to the Administrator to pay required withholding under Section 4 above) to the Holder as soon as reasonably possible following Vesting.

**6. No Transfers Permitted.** The rights under this Award are not transferable by the Holder other than as set forth in the Plan.

**7. No Right To Continued Employment.** Neither the Plan nor this Award shall confer upon the Holder any right with respect to continuation of employment by the Company, or any right to provide services to the Company, nor shall they interfere in any way with Holder’s right to terminate employment, or the Company’s right to terminate Holder’s employment, at any time.

**8. Governing Law.** Without limitation, this Award shall be construed and enforced in accordance with, and be governed by, the laws of Delaware.

**9. Binding Effect.** This Award shall inure to the benefit of and be binding upon the heirs, executors, administrators, and permitted successors and assigns of the parties hereto.

**10. Severability.** If any provision of this Award is declared or found to be illegal, unenforceable or void, in whole or in part, the remainder of this Award will not be affected by such declaration or finding and each such provision not so affected will be enforced to the fullest extent permitted by law.

**11. Committee Authority.** This Award shall be administered by the Committee, which shall adopt rules and regulations for carrying out the purposes of the Award and, without limitation, may delegate all of what, in its sole discretion, it determines to be ministerial duties to the Administrator; provided, further, that the determinations under, and the interpretations of, any provision of the Award by the Committee shall, in all cases, be in its sole discretion, and shall be final and conclusive.



**IN WITNESS WHEREOF**, the Company has caused this Award to be executed on its behalf by its duly authorized representatives on the Date of Grant.

**DENBURY RESOURCES INC.**

**Per:** \_\_\_\_\_  
**Phil Rykhoek, Chief Executive Officer**

**Per:** \_\_\_\_\_  
**Mark Allen, SVP & Chief Financial Officer**

**Assignment Separate From Certificate**

**FOR VALUE RECEIVED**, the undersigned hereby sells, assigns and transfers unto Denbury Resources Inc. the \_\_\_\_\_ Award Restricted Shares subject to this Award, standing in the undersigned's name on the books of said Denbury Resources Inc., and does hereby irrevocably constitute and appoint the corporate secretary of Denbury Resources Inc. as his or her attorney to transfer the said stock on the books of Denbury Resources Inc. with full power of substitution in the premises.

**Dated** \_\_\_\_\_

\_\_\_\_\_  
**Holder's signature**

**ACKNOWLEDGMENT**

The undersigned hereby acknowledges (i) receipt of this Award, (ii) the opportunity to review the Plan, (iii) the opportunity to discuss this Award with a representative of the Company, and the undersigned’s personal advisors, to the extent the undersigned deems necessary or appropriate, (iv) the understanding of the terms and provisions of the Award and the Plan, and (v) the understanding that, by the undersigned’s signature below, the undersigned is agreeing to be bound by all of the terms and provisions of this Award and the Plan.

Without limitation, the undersigned agrees to accept as binding, conclusive and final all decisions or interpretations (including, without limitation, all interpretations of the meaning of the provisions of the Plan, or this Award, or both) of the Committee or the Administrator regarding any questions arising under the Plan, or this Award, or both.

**Dated** as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
**Holder’s signature**

\_\_\_\_\_ Maximum Performance Shares

Date of Grant: \_\_\_\_\_

**2015 TSR PERFORMANCE AWARD****2004 OMNIBUS STOCK AND INCENTIVE PLAN****DENBURY RESOURCES INC.**

This **TSR PERFORMANCE AWARD** (this "**Award**") is made effective on the Date of Grant by Denbury Resources Inc. (the "**Company**") in favor of \_\_\_\_\_ ("**Holder**").

**WHEREAS**, in accordance with Section 17 of the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc., as amended and/or restated (the "**Plan**"), the Committee may grant performance-based Awards;

**WHEREAS**, the Committee desires to grant to Holder an Award under which Holder can earn a maximum of \_\_\_\_\_ Performance Shares based on the Performance Measures set forth in the Plan and this Award, and subject to all of the provisions, including without limitation the Vesting provisions, of the Plan and of this Award;

**WHEREAS**, no Performance Shares will be issued or outstanding until the Vesting Date or they become Vested Earned Performance Shares; and

**WHEREAS**, the Company and Holder understand and agree that this Award is in all respects subject to the terms, definitions and provisions of the Plan, and all of which are incorporated herein by reference, except to the extent otherwise expressly provided in this Award, and all capitalized terms used but not defined herein shall have the meaning given to those terms in the Plan.

**NOW THEREFORE**, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties agree as follows:

**1. Performance Share Grant.** The Company hereby grants Holder the right to earn, Vest in, and receive delivery of, on the Delivery Date, up to \_\_\_\_\_ Reserved Shares ("**Performance Shares**") subject to the terms and conditions set forth in the Plan and in this Award.

**2. Definitions.** All words capitalized herein that are defined in the Plan shall have the meaning assigned them in the Plan; other capitalized words shall have the following meaning, or shall be defined elsewhere in this Award:

- (a) "**Annual TSR**" means for the Company and each Peer Company, the result, expressed as a percentage, of the calculation of TSR for each of them set out in **Section 4(a)** hereof as to a Calendar Year within the Performance Period.
- (b) "**Beginning Common Stock Price**" means the average of the Closing Price of the primary common equity security for the Company and each Peer Company for each of the 10 trading days immediately preceding the first day of each Calendar Year, taken separately, within the Performance Period being measured.
- (c) "**Calendar Year**" means the 12-month period beginning January 1 and ending December 31 for the Company and each Peer Company.
- (d) "**Change in Control**" or "**CIC**" means, without limitation, the same as it does in the Plan.
- (e) "**Closing Price**" means the last reported sales price, regular way, of the primary common equity security of the Company and each Peer Company, as reported by the primary exchange or market upon which such security is traded.
- (f) "**Delivery Date**" means the date on which Vested Earned Performance Shares are delivered to Holder, which shall be the Vesting Date, or as soon thereafter as practicable, but in no event later than thirty (30) days after the Vesting Date, or the date on which Performance Shares are delivered to Holder at the dates set forth in **Section 6(b)** or **7(c)(i), (ii)** or **(iii)**, if applicable.

- (g) “Disability” means, without limitation, the same as it does in the Plan.
- (h) “Earned Performance Shares” means the number of Performance Shares which are earned during the Performance Period as described and calculated in **Section 6**.
- (i) “Ending Common Stock Price” equals the average of the Closing Price of the primary common equity security for the Company and each Peer Company for each of the 10 trading days ending on and including the last day of each Calendar Year, taken separately, within the Performance Period.
- (j) “Peer Company” means each of the companies listed on Appendix A hereto that has its primary common equity securities listed or traded on a United States national securities exchange, NASDAQ National Market, or Toronto Stock Exchange during each day of each Calendar Year within the Performance Period.
- (k) “Performance Period” means the three-year period beginning on the first day of the Calendar Year of the Date of Grant and ending on December 31 of the Calendar Year three years thereafter, provided that in the event of a Change in Control, the Performance Period will end on the date that such Change in Control takes effect.
- (l) “Performance Percentage” means that percentage determined based upon the relative ranking of the Company’s Three-Year Average TSR for the Performance Period compared to the Three-Year Average TSR of each Peer Company for the Performance Period as determined under the provisions of **Section 4(c)**, subject to reduction under **Sections 5** and **12**, if any.
- (m) “Post Separation Change in Control” means a Change in Control that follows Holder’s Separation, but results from the Commencement of a Change in Control that occurs prior to Holder’s Separation. For all purposes of this Award, the term “**Commencement of a Change in Control**” shall mean the date on which any material action, including without limitation through a written offer, open-market bid, corporate action, proxy solicitation or otherwise, is taken by a “person” (as defined in Section 13(d) or Section 14(d)(2) of the 1934 Act), or a “group” (as defined in Section 13(d)(3) of the 1934 Act), or their affiliates, to commence efforts that, within 12 months after the date of such material action, leads to a Change in Control involving such person, group, or their affiliates.
- (n) “Target Performance Shares” means one-half of the Performance Shares which may be earned under this Award if there are no reductions in the number of Performance Shares under **Section 5**.
- (o) “Three-Year Average TSR” means for the Company and each Peer Company, the result, expressed as a percentage, of averaging their respective Annual TSR for each of the Calendar Years in the Performance Period.
- (p) “Total Shareholder Return” or “TSR” shall mean that percentage which reflects the increase or decrease in the average closing trading price of the Company’s or a Peer Company’s primary common equity security (assuming reinvestment of any dividends) between the last 10 trading days of one Calendar Year and the last 10 trading days of the next Calendar Year, or as applicable, the average of such yearly increases or decreases.
- (q) “Value of Reinvested Dividends” means a dollar amount derived by (i) calculating an aggregate number of shares (or fractions thereof) of the Company or any Peer Company represented by the sum of each dividend paid on their respective primary common equity security during a Calendar Year (or portion thereof under **Section 4(b)** below) within the Performance Period, determined by dividing the per share amount or value paid through each such dividend by the Closing Price of that company’s primary common equity security on each such dividend payment date, and (ii) then multiplying that aggregate number of shares by the Ending Common Stock Price, respectively, of that company for that Calendar Year (or portion thereof in the event of a Change in Control).
- (r) “Vesting Date” means March 31, 2018 or the effective date of any earlier (i) Change in Control pursuant to **Section 6(b)** or (ii) death, disability or Post Separation Change in Control pursuant to **Sections 7(c)(i), (ii) or (iii)**, as appropriate.

**3. Performance Shares as Contractual Right.** Each Performance Share represents a contractual right to receive one share of Common Stock of the Company, subject to the terms and conditions of this Award; provided that, based on relative Total Shareholder Return as detailed below, the number of shares of Common Stock of the Company that may be deliverable hereunder in respect of the Performance Shares may range from 0% to 200% of the number of Target Performance Shares, and Holder’s right to receive Common Stock of the Company in respect of Performance Shares is generally contingent.

**4. Total Shareholder Return Calculations.** Total Shareholder Return shall be calculated for the periods specified below as follows:

- (a) Annual TSR for the Company and each Peer Company for each Calendar Year within the Performance Period shall equal the result of the following calculation for each such company:

$$\frac{\text{Ending Common Stock Price} + \text{Value of Reinvested Dividends}}{\text{Beginning Common Stock Price}} - 1$$

- (b) For any Calendar Year in which a Change in Control of the Company occurs, Annual TSR for the Company and each Peer Company for that Calendar Year shall equal the result of the following calculation for each such company:

$$\left( \frac{\text{Ending Common Stock Price} + \text{Value of Reinvested Dividends}}{\text{Beginning Common Stock Price}} \right) \times \left( \frac{1}{(\# \text{ of days in year prior to CIC divided by } 365 \text{ days})} \right) - 1$$

- (c) The Three-Year Average TSR of the Company and each Peer Company is to be calculated as soon as practical after the end of the Performance Period. A ranking is to be made of the Three-Year Average TSR for each Peer Company and the Company, and they are to be listed in Column 1 of the table below in descending order of their respective Three-Year Average TSR from the highest percentage to the lowest percentage, and reflecting in Column 2 the exact percentage of each company's respective Three-Year Average TSR.

The Company's Performance Percentage will be that percentage shown in Column 4 (subject to adjustment, if any, provided in **Sections 5 or 12**) opposite the ranking of the Company in Column 1 (for example, in the following table for 17 Companies, being ranked as fifth would equal a Performance Percentage of 150%).

Three-Year Average TSR Rank of the Company and Peer Companies	Actual Three-Year Average TSR (expressed as a %)	Scale of Three-Year Average TSR for 17 Companies (expressed as a %)	Performance Percentage Scale (subject to interpolation)
1	2	3	4
1		100.0%	200%
2		93.8%	188%
3		87.5%	175%
4		81.3%	163%
5		75.0%	150%
6		68.8%	138%
7		62.5%	125%
8		56.3%	113%
9		50.0%	100%
10		43.8%	88%
11		37.5%	75%
12		31.3%	63%
13		25.0%	50%
14		18.8%	38%
15		12.5%	25%
16		6.3%	13%
17		0.0%	0%

The percentages in Column 3 of the table above are based upon increments derived by dividing 100% by 16 Peer Companies, which percentage increments will be adjusted, if necessary, on a pro rata basis to reflect a reduction in the number of Peer Companies (i.e. if, for example, at the end of the Performance Period there were 15 Peer Companies, then the 6.2% increments currently shown in Column 3 would each become 6.7% increments, and the percentages in Column 4 would be adjusted to twice the adjusted incremental percentages reflected in the same row of Column 3).

**5. Committee's Reduction of Performance Percentage.** Notwithstanding any provision hereof to the contrary, the Committee, in its sole discretion, by written notice to Holder prior to the Vesting Date, may reduce Holder's otherwise earned Performance Percentage in an amount (if any) based upon the Committee's subjective evaluation. Any reduction of Holder's Performance Percentage by the Committee for the Performance Period shall be determined after the end of the Performance Period, and shall not exceed twenty-five percent (25%) of Holder's Performance Percentage earned during the Performance Period. The Committee does not have discretion to increase a Holder's Performance Percentage.

**6. Earned Performance Shares.**

**(a) Earned Performance Shares.** The number of Earned Performance Shares shall be equal to the product of (i) the Target Performance Shares, multiplied by (ii) the Performance Percentage, as such number shall be reduced by the Company to satisfy all minimum applicable federal, state, and local income tax withholding requirements and employment tax withholding requirements. Only whole shares will be issued to the Holder. The Performance Percentage shall be determined by the Committee and the Holder will be advised as soon as administratively practicable following the end of the Performance Period (but in no case later than 90 days after the end of the Performance Period), and the Committee shall certify whether and to the extent that the Performance Percentage has been achieved, subject to the Change in Control provisions of **Section 6(b)** below.

(b) Change in Control. Notwithstanding the foregoing and any other provision hereof to the contrary, if a Change in Control of the Company occurs during the Performance Period then, regardless of the Performance Percentage at the date of the Change in Control, the Performance Period will end on the date of the Change in Control and the performance for the partial year will be annualized as set out in **Section 4(b)** above and averaged with the Annual TSR calculated for any prior completed Calendar Year to determine Earned Performance Shares, which Holder will be entitled to receive on the date of the Change in Control, but in no event later than the 15th day of the third month after the end of the Calendar Year in which such Change in Control occurs, and Holder permanently shall forfeit the right to receive any other Performance Shares.

**7. Vesting (and Forfeiture) of Earned Performance Shares.**

(a) No Separation Prior to the Vesting Date. If Holder does not Separate prior to the Vesting Date (other than a Separation after Holder's Retirement Vesting Date), Holder will be 100% Vested in the Earned Performance Shares.

(b) Retirement Vesting Date. In the event Holder reaches his Retirement Vesting Date prior to the Vesting Date, Holder will be entitled to receive Performance Shares in an amount equal to the number of Earned Performance Shares on the Vesting Date (which Performance Shares will be delivered to the employee on the Delivery Date), without any right to receive any additional Performance Shares, and without any proration of the number of Performance Shares earned in such circumstances. Notwithstanding the foregoing, in the event Holder Separates after Holder's Retirement Vesting Date but within 12 months of the Date of Grant, all rights to receive Performance Shares under this Award will be forfeited.

(c) Forfeiture. Except to the extent expressly provided in **Sections 7(b) and 7(c) (i), (ii) or (iii)**, Holder permanently will forfeit all rights with respect to all Performance Shares upon the date of his Separation, if such Separation occurs prior to the Vesting Date.

(i) Death. If Holder Separates by reason of death prior to the last day of the Performance Period, Holder's Beneficiary will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (without any right to receive any other Performance Shares) as soon as reasonably possible, but in no event more than 90 days after Holder's death. If Holder Separates by reason of death prior to the Vesting Date but on or after the last day of the Performance Period, Holder's Beneficiary will be entitled to receive the number of Performance Shares based on the calculation in **Section 6** herein (and does not have any right to receive any other Performance Shares) as soon as reasonably possible, but in no event more than 90 days after Holder's death.

(ii) Disability. If Holder Separates by reason of Disability prior to the last day of the Performance Period, Holder or Holder's Beneficiary, as applicable, will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (without any right to receive any other Performance Shares) as soon as reasonably possible, but in no event later than the 15th day of the third month after the end of the Calendar Year following the date on which the Committee determines that Holder is Disabled. If Holder Separates by reason of Disability prior to the Vesting Date but on or after the last day of the Performance Period, Holder or Holder's Beneficiary, as applicable, will be entitled to receive the number of Performance Shares based on the calculation in **Section 6** herein (without any right to receive any other Performance Shares) as soon as reasonably possible, but in no event later than the 15th day of the third month after the end of the Calendar Year following the date on which the Committee determines that Holder is Disabled.

(iii) Post Separation Change in Control. If there is a Post Separation Change in Control, Holder will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (without any right to receive any additional Performance Shares) as soon as reasonably possible after the date of the Change in Control, but in no event later than the 15th day of the third month after the end of the Calendar Year in which such Change in Control occurs.

**8. Withholding**. On the Vesting Date, the minimum statutory tax withholding required to be made by the Company, or other withholding rate as determined by the Committee in its discretion if determined not to be detrimental to the Company or Participant, shall be paid by Holder (or Holder's Beneficiary) to the Administrator in cash, by delivery of Company Common Stock, or by authorizing the Company to retain Performance Shares, or a combination thereof; provided, further, that where Company Common Stock or Performance Shares are delivered or retained, the satisfaction of Holder's obligation hereunder will be based on the Fair Market Value on the Vesting Date of such delivered or retained Shares.

**9. Issuance of Shares**. Without limitation, Holder shall not have any of the rights and privileges of an owner of the Company's Common Stock (including voting rights and dividend rights, except as set forth in **Section 12** below), until the Vesting Date or

such Performance Shares otherwise become Vested Earned Performance Shares. The Administrator shall deliver the Vested Shares (reduced by the number of Vested Shares delivered to the Administrator to pay required withholding under **Section 8** above) to the Holder as soon as reasonably possible following Vesting. The Holder agrees that the delivery of Vested Shares is subject to the Company's stock ownership guidelines, as potentially modified from time to time.

**10. Administration.** Without limiting the generality of the Committee's rights, duties and obligations under the Plan, the Committee shall have the following specific rights, duties and obligations with respect to this Award. Without limitation, the Committee shall interpret conclusively the provisions of the Award, adopt such rules and regulations for carrying out the Award as it may deem advisable, decide conclusively all questions of fact arising in the application of the Award, certify the extent to which Performance Measures have been satisfied and the Performance Percentage earned, exercise its right to reduce the Performance Percentage, and make all other determinations and take all other actions necessary or desirable for the administration of the Award. The Committee is authorized to change any of the terms or conditions of the Award in order to take into account any material unanticipated change in the Company's operations, corporate structure, assets, or similar change, but only to the extent such action carries out the original purpose, intent and objectives of the Award. All decisions and acts of the Committee shall be final and binding upon Holder and all other affected parties. The Committee, without limitation, may delegate all of what, in its sole discretion, it determines to be ministerial duties to the Administrator; provided, further, that the determinations under, and the interpretations of, any provision of the Award by the Committee shall, in all cases, be in its sole discretion, and shall be final and conclusive.

**11. Beneficiary.** Holder's rights hereunder shall be exercisable during Holder's lifetime only by Holder or Holder's legal representative. Holder may file with the Administrator a written designation of beneficiary (such person(s) being the Holder's "**Beneficiary**"), on such form as may be prescribed by the Administrator. Holder may, from time to time, amend or revoke a designation of Beneficiary. If no designated Beneficiary survives Holder, the Holder's estate shall be deemed to be Holder's Beneficiary.

**12. Adjustments in Respect of Performance Shares.** In addition to any adjustments under **Section 5** herein, in the event of any dividend or split of the primary common equity security of the Company or any Peer Company, or recapitalization (including, but not limited to, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to stockholders (other than cash dividends), exchange of such shares, or other similar corporate change, with regard to the Company or any Peer Company, appropriate adjustments may be made to the number of Target Performance Shares in a manner deemed equitable by the Committee.

**13. Holder's Access to Information.** As soon as reasonably possible after the close of the preceding Calendar Year, the Committee (and the Administrator to the extent it shall have been directed by the Committee) shall make all relevant annually determined calculations and determinations hereunder, and shall communicate such information to the Administrator. The Administrator will furnish all such relevant information to Holder as soon as reasonably possible following the date on which all, or a substantial majority, of the information is available.

**14. No Transfers Permitted.** The rights under this Award are not transferable by the Holder other than by will or the laws of descent and distribution, and so long as Holder lives, only Holder or his or her guardian or legal representative shall have the right to receive and retain Vested Earned Performance Shares.

**15. No Right To Continued Employment.** Neither the Plan nor this Award shall confer upon Holder any right with respect to continuation of employment by the Company, or any right to provide services to the Company, nor shall they interfere in any way with Holder's right to terminate employment, or the Company's right to terminate Holder's employment, at any time.

**16. Governing Law.** Without limitation, this Award shall be construed and enforced in accordance with, and be governed by, the laws of Delaware.

**17. Binding Effect.** This Award shall inure to the benefit of and be binding upon the heirs, executors, administrators, permitted successors and assigns of the parties hereto.

**18. Waivers.** Any waiver of any right granted pursuant to this Award shall not be valid unless it is in writing and signed by the party waiving the right. Any such waiver shall not be deemed to be a waiver of any other rights.



**19. Severability.** If any provision of this Award is declared or found to be illegal, unenforceable or void, in whole or in part, the remainder of this Award will not be affected by such declaration or finding and each such provision not so affected will be enforced to the fullest extent permitted by law.

**IN WITNESS WHEREOF**, the Company has caused this Award to be executed on its behalf by its duly authorized representatives on the Date of Grant.

**DENBURY RESOURCES INC.**

By:

\_\_\_\_\_  
Phil Rykhoek  
Chief Executive Officer

\_\_\_\_\_  
Mark C. Allen  
Senior Vice President and Chief Financial Officer

**ACKNOWLEDGMENT**

The undersigned hereby acknowledges (i) receipt of this Award, (ii) the opportunity to review the Plan, (iii) the opportunity to discuss this Award with a representative of the Company, and the undersigned's personal advisors, to the extent the undersigned deems necessary or appropriate, (iv) the understanding of the terms and provisions of the Award and the Plan, and (v) the understanding that, by the undersigned's signature below, the undersigned is agreeing to be bound by all of the terms and provisions of this Award and the Plan.

Without limitation, the undersigned agrees to accept as binding, conclusive and final all decisions, factual determinations, and/or interpretations (including, without limitation, all interpretations of the meaning of provisions of the Plan, or this Award, or both) of the Committee regarding any questions arising under the Plan, or this Award, or both.

**Dated** as of the effective date.

---

**Holder's Signature**

## Appendix A

### Peer Companies

Canadian Oil Sands Limited (COS.TO)  
Concho Resources, Inc. (CXO)  
ConocoPhillips (COP)  
Continental Resources, Inc. (CLR)  
Crescent Point Energy Corp. (CPG)  
Devon Energy Corporation (DVN)  
Marathon Oil Corporation (MRO)  
MEG Energy Corporation (MEG.TO)  
Murphy Oil Corporation (MUR)  
Oasis Petroleum, Inc. (OAS)  
Occidental Petroleum Corporation (OXY)  
Pioneer Natural Resources Company (PXD)  
Sandridge Energy, Inc. (SD)  
SM Energy Company (SM)  
Vermilion Energy (VET)  
Whiting Petroleum Corporation (WLL)

In the event that any company within the Peer Group is acquired or ceases to have its primary common equity security listed or traded on a U.S. national securities exchange, the Toronto Stock Exchange, or the NASDAQ National Market (or any successors thereto) during the Performance Period, such company will be removed from the Peer Group for the purposes of calculating achievement of the Performance Percentage.

\_\_\_\_\_ **Maximum Performance Shares**

**Date of Award:** \_\_\_\_\_

**2015 TSR PERFORMANCE AWARD**

**2004 OMNIBUS STOCK AND INCENTIVE PLAN**

**DENBURY RESOURCES INC.**

This **TSR PERFORMANCE AWARD** (this "**Award**") is made effective on the Date of Award by Denbury Resources Inc. (the "**Company**") in favor of \_\_\_\_\_ ("**Holder**").

**WHEREAS**, in accordance with Section 17 of the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc., as amended and/or restated (the "**Plan**"), the Committee may grant performance-based Awards;

**WHEREAS**, the Committee desires to grant to Holder an Award under which Holder can earn a maximum of \_\_\_\_\_ Performance Shares based on the Performance Measures set forth in the Plan and this Award, and subject to all of the provisions, including without limitation the Vesting provisions, of the Plan and of this Award;

**WHEREAS**, no Performance Shares will be issued or outstanding until the Vesting Date or they become Vested Earned Performance Shares;

**WHEREAS**, the grant and issuance of a certain number Performance Shares (referred to as the "May Performance Shares") under this Award are expressly conditioned upon the Company's stockholders approving the Amended and Restated 2004 Omnibus Stock and Incentive Plan at the Company's May 2015 annual meeting of stockholders (the "**Incentive Plan Stockholder Approval**"); and

**WHEREAS**, the Company and Holder understand and agree that this Award is in all respects subject to the terms, definitions and provisions of the Plan, and all of which are incorporated herein by reference, except to the extent otherwise expressly provided in this Award, and all capitalized terms used but not defined herein shall have the meaning given to those terms in the Plan.

**NOW THEREFORE**, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties agree as follows:

1. **Performance Share Grant.** The Company hereby grants Holder the right to earn, Vest in, and receive delivery of, on the Delivery Date, up to \_\_\_\_\_ Reserved Shares ("**Performance Shares**") subject to the terms and conditions set forth in the Plan and in this Award, including but not limited to those set forth in **Section 4** related to Incentive Plan Stockholder Approval.
2. **Definitions.** All words capitalized herein that are defined in the Plan shall have the meaning assigned them in the Plan; other capitalized words shall have the following meaning, or shall be defined elsewhere in this Award:
  - (a) "**Annual TSR**" means for the Company and each Peer Company, the result, expressed as a percentage, of the calculation of TSR for each of them set out in **Section 5(a)** hereof as to a Calendar Year within the Performance Period.
  - (b) "**Beginning Common Stock Price**" means the average of the Closing Price of the primary common equity security for the Company and each Peer Company for each of the 10 trading days immediately preceding the first day of each Calendar Year, taken separately, within the Performance Period being measured.
  - (c) "**Calendar Year**" means the 12-month period beginning January 1 and ending December 31 for the Company and each Peer Company.
  - (d) "**Change in Control**" or "**CIC**" means, without limitation, the same as it does in the Plan.
  - (e) "**Closing Price**" means the last reported sales price, regular way, of the primary common equity security of the Company and each Peer Company, as reported by the primary exchange or market upon which such security is traded.

- (f) “Delivery Date” means the date on which Vested Earned Performance Shares are delivered to Holder, which shall be the Vesting Date, or as soon thereafter as practicable, but in no event later than thirty (30) days after the Vesting Date, or the date on which Performance Shares are delivered to Holder at the dates set forth in **Section 7(b)** or **8(c)(i), (ii) or (iii)**, if applicable.
- (g) “Disability” means, without limitation, the same as it does in the Plan.
- (h) “Earned Performance Shares” means the number of Performance Shares which are earned during the Performance Period as described and calculated in **Section 7**.
- (i) “Ending Common Stock Price” equals the average of the Closing Price of the primary common equity security for the Company and each Peer Company for each of the 10 trading days ending on and including the last day of each Calendar Year, taken separately, within the Performance Period.
- (j) “January Performance Shares” means the number Performance Shares to be issued under this Award that are not expressly conditioned upon the Incentive Plan Stockholder Approval and which are set forth in detail under “Table 1- January Performance Shares” in **Section 5(c)**.
- (k) “May Performance Shares” means the number Performance Shares to be issued under this Award that are expressly conditioned upon the Incentive Plan Stockholder Approval and which are set forth in detail under “Table 2 - May Performance Shares” in **Section 5(c)**.
- (l) “Peer Company” means each of the companies listed on Appendix A hereto that has its primary common equity securities listed or traded on a United States national securities exchange, NASDAQ National Market, or Toronto Stock Exchange during each day of each Calendar Year within the Performance Period.
- (m) “Performance Period” means the three-year period beginning on the first day of the Calendar Year of the Date of Grant and ending on December 31 of the Calendar Year three years thereafter, provided that in the event of a Change in Control, the Performance Period will end on the date that such Change in Control takes effect.
- (n) “Performance Percentage” means that percentage determined based upon the relative ranking of the Company’s Three-Year Average TSR for the Performance Period compared to the Three-Year Average TSR of each Peer Company for the Performance Period as determined under the provisions of **Section 5(c)**, subject to reduction under **Sections 6** and **13**, if any.
- (o) “Post Separation Change in Control” means a Change in Control that follows Holder’s Separation, but results from the Commencement of a Change in Control that occurs prior to Holder’s Separation. For all purposes of this Award, the term “**Commencement of a Change in Control**” shall mean the date on which any material action, including without limitation through a written offer, open-market bid, corporate action, proxy solicitation or otherwise, is taken by a “person” (as defined in Section 13(d) or Section 14(d)(2) of the 1934 Act), or a “group” (as defined in Section 13(d)(3) of the 1934 Act), or their affiliates, to commence efforts that, within 12 months after the date of such material action, leads to a Change in Control involving such person, group, or their affiliates.
- (p) “Target Performance Shares” means one-half of the Performance Shares which may be earned under this Award if there are no reductions in the number of Performance Shares under **Section 6**.
- (q) “Three-Year Average TSR” means for the Company and each Peer Company, the result, expressed as a percentage, of averaging their respective Annual TSR for each of the Calendar Years in the Performance Period.
- (r) “Total Shareholder Return” or “TSR” shall mean that percentage which reflects the increase or decrease in the average closing trading price of the Company’s or a Peer Company’s primary common equity security (assuming reinvestment of any dividends) between the last 10 trading days of one Calendar Year and the last 10 trading days of the next Calendar Year, or as applicable, the average of such yearly increases or decreases.
- (s) “Value of Reinvested Dividends” means a dollar amount derived by (i) calculating an aggregate number of shares (or fractions thereof) of the Company or any Peer Company represented by the sum of each dividend paid on their respective

primary common equity security during a Calendar Year (or portion thereof under **Section 5(b)** below) within the Performance Period, determined by dividing the per share amount or value paid through each such dividend by the Closing Price of that company's primary common equity security on each such dividend payment date, and (ii) then multiplying that aggregate number of shares by the Ending Common Stock Price, respectively, of that company for that Calendar Year (or portion thereof in the event of a Change in Control).

- (t) "Vesting Date" means March 31, 2018 or the effective date of any earlier (i) Change in Control pursuant to **Section 7(b)** or (ii) death, disability or Post Separation Change in Control pursuant to **Sections 8(c)(i), (ii) or (iii)**, as appropriate.

**3. Performance Shares as Contractual Right.** Each Performance Share represents a contractual right to receive one share of Common Stock of the Company, subject to the terms and conditions of this Award; provided that, based on relative Total Shareholder Return as detailed below, the number of shares of Common Stock of the Company that may be deliverable hereunder in respect of the Performance Shares may range from 0% to 200% of the number of Target Performance Shares, and Holder's right to receive Common Stock of the Company in respect of Performance Shares is generally contingent.

**4. Performance Shares Subject to Shareholder Approval.** Notwithstanding the other terms and conditions of this Award Agreement, the grant and issuance of the May Performance Shares, are expressly conditioned upon Incentive Plan Stockholder Approval. Holder has no rights or privileges to the May Performance Shares, and cannot vest in or otherwise earn any May Performance Shares, until the Incentive Plan Stockholder Approval (if any). For the avoidance of doubt, nothing contained in this **Section 4** affects the rights granted to Holder with respect to January Performance Shares and such Performance Shares are not conditioned upon Incentive Plan Stockholder Approval.

**5. Total Shareholder Return Calculations.** Total Shareholder Return shall be calculated for the periods specified below as follows:

- (a) Annual TSR for the Company and each Peer Company for each Calendar Year within the Performance Period shall equal the result of the following calculation for each such company:

$$\frac{\text{Ending Common Stock Price} + \text{Value of Reinvested Dividends}}{\text{Beginning Common Stock Price}} - 1$$

- (b) For any Calendar Year in which a Change in Control of the Company occurs, Annual TSR for the Company and each Peer Company for that Calendar Year shall equal the result of the following calculation for each such company:

$$\left( \frac{\text{Ending Common Stock Price} + \text{Value of Reinvested Dividends}}{\text{Beginning Common Stock Price}} \right) \times \left( \frac{1}{(\# \text{ of days in year prior to CIC divided by } 365 \text{ days})} \right) - 1$$

- (c) The Three-Year Average TSR of the Company and each Peer Company is to be calculated as soon as practical after the end of the Performance Period. A ranking is to be made of the Three-Year Average TSR for each Peer Company and the Company, and they are to be listed in Column 1 of Table 1 and Table 2 below in descending order of their respective Three-Year Average TSR from the highest percentage to the lowest percentage, and reflecting in Column 2 of each table the exact percentage of each company's respective Three-Year Average TSR.

The Company's Performance Percentage will be that percentage shown in Column 4 (subject to adjustment, if any, provided in **Sections 6 or 13**) opposite the ranking of the Company in Column 1 of each table (for example, in the following tables for 17 Companies, being ranked as fifth would equal a Performance Percentage of 86.932% for the January Performance Shares and 63.068% for the May Performance Shares, or 150% for the combined Performance Shares).

**Table 1 - January Performance Shares**

Three-Year Average TSR Rank of the Company and Peer Companies 1	Actual Three-Year Average TSR (expressed as a %) 2	Scale of Three-Year Average TSR for 17 Companies (expressed as a %) 3	Performance Percentage Scale (subject to interpolation) 4
1		100.0%	86.932%
2		93.8%	86.932%
3		87.5%	86.932%
4		81.3%	86.932%
5		75.0%	86.932%
6		68.8%	86.932%
7		62.5%	86.932%
8		56.3%	86.932%
9		50.0%	86.932%
10		43.8%	86.932%
11		37.5%	75.00%
12		31.3%	63.00%
13		25.0%	50.00%
14		18.8%	38.00%
15		12.5%	25.00%
16		6.3%	13.00%
17		0.0%	0.00%

**Table 2 - May Performance Shares**

Three-Year Average TSR Rank of the Company and Peer Companies 1	Actual Three-Year Average TSR (expressed as a %) 2	Scale of Three-Year Average TSR for 17 Companies (expressed as a %) 3	Performance Percentage Scale (subject to interpolation) 4
1		100.0%	113.068%
2		93.8%	101.068%
3		87.5%	88.068%
4		81.3%	76.068%
5		75.0%	63.068%
6		68.8%	51.068%
7		62.5%	38.068%
8		56.3%	26.068%
9		50.0%	13.068%
10		43.8%	1.068%
11		37.5%	0.000%
12		31.3%	0.000%
13		25.0%	0.000%
14		18.8%	0.000%
15		12.5%	0.000%
16		6.3%	0.000%
17		0.0%	0.000%

The percentages in Column 3 of each table above are based upon increments derived by dividing 100% by 16 Peer Companies, which percentage increments will be adjusted, if necessary, on a pro rata basis to reflect a reduction in the number of Peer Companies.

**6. Committee's Reduction of Performance Percentage.** Notwithstanding any provision hereof to the contrary, the Committee, in its sole discretion, by written notice to Holder prior to the Vesting Date, may reduce Holder's otherwise total earned Performance Percentage (measured by adding the Performance Percentage earned in Table 1 plus Table 2) in an amount (if any) based upon the Committee's subjective evaluation. Any reduction of Holder's Performance Percentage by the Committee for the Performance Period shall be determined after the end of the Performance Period, and shall not exceed twenty-five percent (25%) of Holder's Performance Percentage earned during the Performance Period. The Committee does not have discretion to increase a Holder's Performance Percentage.

**7. Earned Performance Shares.**

**(a) Earned Performance Shares.** The number of Earned Performance Shares shall be equal to the product of (i) the Target Performance Shares, multiplied by (ii) the Performance Percentage in Table 1 and Table 2, as such number shall be reduced by the Company to satisfy all minimum applicable federal, state, and local income tax withholding requirements and employment tax withholding requirements. Only whole shares will be issued to the Holder. The Performance Percentage shall be determined by the Committee and the Holder will be advised as soon as administratively practicable following the end of the Performance Period (but in no case later than 90 days after the end of the Performance Period), and the Committee shall certify whether and to the extent that the Performance Percentage has been achieved, subject to the Change in Control provisions of **Section 7(b)** below.

**(b) Change in Control.** Notwithstanding the foregoing and any other provision hereof to the contrary, if a Change in Control of the Company occurs during the Performance Period then, regardless of the Performance Percentage at the date of the Change in Control, the Performance Period will end on the date of the Change in Control and the performance for the partial year will be annualized as set out in **Section 5(b)** above and averaged with the Annual TSR calculated for any prior completed Calendar Year to determine Earned Performance Shares, which Holder will be entitled to receive on the date of the Change in Control, but in no



event later than the 15th day of the third month after the end of the Calendar Year in which such Change in Control occurs, and Holder permanently shall forfeit the right to receive any other Performance Shares.

**8. Vesting (and Forfeiture) of Earned Performance Shares.**

- (a) No Separation Prior to the Vesting Date. If Holder does not Separate prior to the Vesting Date (other than a Separation after Holder's Retirement Vesting Date), Holder will be 100% Vested in the Earned Performance Shares.
- (b) Retirement Vesting Date. In the event Holder reaches his Retirement Vesting Date prior to the Vesting Date, Holder will be entitled to receive Performance Shares in an amount equal to the number of Earned Performance Shares on the Vesting Date (which Performance Shares will be delivered to the employee on the Delivery Date), without any right to receive any additional Performance Shares, and without any proration of the number of Performance Shares earned in such circumstances. Notwithstanding the foregoing, in the event Holder Separates after Holder's Retirement Vesting Date but within 12 months of the Date of Grant, all rights to receive Performance Shares under this Award will be forfeited.
- (c) Forfeiture. Except to the extent expressly provided in **Sections 8(b) and 8(c) (i), (ii) or (iii)**, Holder permanently will forfeit all rights with respect to all Performance Shares upon the date of his Separation, if such Separation occurs prior to the Vesting Date.

(i) Death. If Holder Separates by reason of death prior to the last day of the Performance Period, Holder's Beneficiary will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (without any right to receive any other Performance Shares) as soon as reasonably possible, but in no event more than 90 days after Holder's death. If Holder Separates by reason of death prior to the Vesting Date but on or after the last day of the Performance Period, Holder's Beneficiary will be entitled to receive the number of Performance Shares based on the calculation in **Section 7** herein (and does not have any right to receive any other Performance Shares) as soon as reasonably possible, but in no event more than 90 days after Holder's death.

(ii) Disability. If Holder Separates by reason of Disability prior to the last day of the Performance Period, Holder or Holder's Beneficiary, as applicable, will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (without any right to receive any other Performance Shares) as soon as reasonably possible, but in no event later than the 15th day of the third month after the end of the Calendar Year following the date on which the Committee determines that Holder is Disabled. If Holder Separates by reason of Disability prior to the Vesting Date but on or after the last day of the Performance Period, Holder or Holder's Beneficiary, as applicable, will be entitled to receive the number of Performance Shares based on the calculation in **Section 7** herein (without any right to receive any other Performance Shares) as soon as reasonably possible, but in no event later than the 15th day of the third month after the end of the Calendar Year following the date on which the Committee determines that Holder is Disabled.

(iii) Post Separation Change in Control. If there is a Post Separation Change in Control, Holder will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (without any right to receive any additional Performance Shares) as soon as reasonably possible after the date of the Change in Control, but in no event later than the 15th day of the third month after the end of the Calendar Year in which such Change in Control occurs.

**9. Withholding.** On the Vesting Date, the minimum statutory tax withholding required to be made by the Company, or other withholding rate as determined by the Committee in its discretion if determined not to be detrimental to the Company or Participant, shall be paid by Holder (or Holder's Beneficiary) to the Administrator in cash, by delivery of Company Common Stock, or by authorizing the Company to retain Performance Shares, or a combination thereof; provided, further, that where Company Common Stock or Performance Shares are delivered or retained, the satisfaction of Holder's obligation hereunder will be based on the Fair Market Value on the Vesting Date of such delivered or retained Shares.

**10. Issuance of Shares.** Without limitation, Holder shall not have any of the rights and privileges of an owner of the Company's Common Stock (including voting rights and dividend rights, except as set forth in **Section 13** below), until the Vesting Date or such Performance Shares otherwise become Vested Earned Performance Shares. The Administrator shall deliver the Vested Shares (reduced by the number of Vested Shares delivered to the Administrator to pay required withholding under **Section 9** above) to the Holder as soon as reasonably possible following Vesting. The Holder agrees that the delivery of Vested Shares is subject to the Company's stock ownership guidelines, as potentially modified from time to time.

11. **Administration.** Without limiting the generality of the Committee's rights, duties and obligations under the Plan, the Committee shall have the following specific rights, duties and obligations with respect to this Award. Without limitation, the Committee shall interpret conclusively the provisions of the Award, adopt such rules and regulations for carrying out the Award as it may deem advisable, decide conclusively all questions of fact arising in the application of the Award, certify the extent to which Performance Measures have been satisfied and the Performance Percentage earned, exercise its right to reduce the Performance Percentage, and make all other determinations and take all other actions necessary or desirable for the administration of the Award. The Committee is authorized to change any of the terms or conditions of the Award in order to take into account any material unanticipated change in the Company's operations, corporate structure, assets, or similar change, but only to the extent such action carries out the original purpose, intent and objectives of the Award. All decisions and acts of the Committee shall be final and binding upon Holder and all other affected parties. The Committee, without limitation, may delegate all of what, in its sole discretion, it determines to be ministerial duties to the Administrator; provided, further, that the determinations under, and the interpretations of, any provision of the Award by the Committee shall, in all cases, be in its sole discretion, and shall be final and conclusive.

12. **Beneficiary.** Holder's rights hereunder shall be exercisable during Holder's lifetime only by Holder or Holder's legal representative. Holder may file with the Administrator a written designation of beneficiary (such person(s) being the Holder's "**Beneficiary**"), on such form as may be prescribed by the Administrator. Holder may, from time to time, amend or revoke a designation of Beneficiary. If no designated Beneficiary survives Holder, the Holder's estate shall be deemed to be Holder's Beneficiary.

13. **Adjustments in Respect of Performance Shares.** In addition to any adjustments under **Section 6** herein, in the event of any dividend or split of the primary common equity security of the Company or any Peer Company, or recapitalization (including, but not limited to, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to stockholders (other than cash dividends), exchange of such shares, or other similar corporate change, with regard to the Company or any Peer Company, appropriate adjustments may be made to the number of Target Performance Shares in a manner deemed equitable by the Committee.

14. **Holder's Access to Information.** As soon as reasonably possible after the close of the preceding Calendar Year, the Committee (and the Administrator to the extent it shall have been directed by the Committee) shall make all relevant annually determined calculations and determinations hereunder, and shall communicate such information to the Administrator. The Administrator will furnish all such relevant information to Holder as soon as reasonably possible following the date on which all, or a substantial majority, of the information is available.

15. **No Transfers Permitted.** The rights under this Award are not transferable by the Holder other than by will or the laws of descent and distribution, and so long as Holder lives, only Holder or his or her guardian or legal representative shall have the right to receive and retain Vested Earned Performance Shares.

16. **No Right To Continued Employment.** Neither the Plan nor this Award shall confer upon Holder any right with respect to continuation of employment by the Company, or any right to provide services to the Company, nor shall they interfere in any way with Holder's right to terminate employment, or the Company's right to terminate Holder's employment, at any time.

17. **Governing Law.** Without limitation, this Award shall be construed and enforced in accordance with, and be governed by, the laws of Delaware.

18. **Binding Effect.** This Award shall inure to the benefit of and be binding upon the heirs, executors, administrators, permitted successors and assigns of the parties hereto.

19. **Waivers.** Any waiver of any right granted pursuant to this Award shall not be valid unless it is in writing and signed by the party waiving the right. Any such waiver shall not be deemed to be a waiver of any other rights.

20. **Severability.** If any provision of this Award is declared or found to be illegal, unenforceable or void, in whole or in part, the remainder of this Award will not be affected by such declaration or finding and each such provision not so affected will be enforced to the fullest extent permitted by law.

**IN WITNESS WHEREOF**, the Company has caused this Award to be executed on its behalf by its duly authorized representatives on the Date of Grant.

**DENBURY RESOURCES INC.**

By:

\_\_\_\_\_  
Phil Rykhoek  
Chief Executive Officer

\_\_\_\_\_  
Mark C. Allen  
Senior Vice President and Chief Financial Officer

## ACKNOWLEDGMENT

The undersigned hereby acknowledges (i) receipt of this Award, (ii) the opportunity to review the Plan, (iii) the opportunity to discuss this Award with a representative of the Company, and the undersigned's personal advisors, to the extent the undersigned deems necessary or appropriate, (iv) the understanding of the terms and provisions of the Award and the Plan, and (v) the understanding that, by the undersigned's signature below, the undersigned is agreeing to be bound by all of the terms and provisions of this Award and the Plan.

Without limitation, the undersigned agrees to accept as binding, conclusive and final all decisions, factual determinations, and/or interpretations (including, without limitation, all interpretations of the meaning of provisions of the Plan, or this Award, or both) of the Committee regarding any questions arising under the Plan, or this Award, or both.

**Dated** as of the effective date.

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**Holder's Signature**

## Appendix A

### Peer Companies

Canadian Oil Sands Limited (COS.TO)  
Concho Resources, Inc. (CXO)  
ConocoPhillips (COP)  
Continental Resources, Inc. (CLR)  
Crescent Point Energy Corp. (CPG)  
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Murphy Oil Corporation (MUR)  
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Occidental Petroleum Corporation (OXY)  
Pioneer Natural Resources Company (PXD)  
Sandridge Energy, Inc. (SD)  
SM Energy Company (SM)  
Vermilion Energy (VET)  
Whiting Petroleum Corporation (WLL)

In the event that any company within the Peer Group is acquired or ceases to have its primary common equity security listed or traded on a U.S. national securities exchange, the Toronto Stock Exchange, or the NASDAQ National Market (or any successors thereto) during the Performance Period, such company will be removed from the Peer Group for the purposes of calculating achievement of the Performance Percentage.

\_\_\_\_\_ Maximum Performance Shares

Date of Grant: \_\_\_\_\_

**2015 CAPITAL EFFICIENCY PERFORMANCE SHARE AWARD****2004 OMNIBUS STOCK AND INCENTIVE PLAN****FOR DENBURY RESOURCES INC.**

This **PERFORMANCE SHARE AWARD** (this “Award”) is made effective on the **Date of Grant** by Denbury Resources Inc. (the “Company”) in favor of \_\_\_\_\_ (“Holder”).

**WHEREAS**, in accordance with Section 17 of the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc., as amended and/or restated (the “Plan”), the Committee may grant performance-based Awards;

**WHEREAS**, the Committee desires to grant to Holder an Award under which Holder can earn a maximum of \_\_\_\_\_ Performance Shares based on the performance factors set forth in this Award, and subject to all of the provisions, including without limitation the Vesting provisions, of the Plan and this Award;

**WHEREAS**, no Performance Shares will be issued or outstanding until the Vesting Date or they become Vested Earned Performance Shares; and

**WHEREAS**, the Company and Holder understand and agree that this Award is in all respects subject to the terms, definitions and provisions of the Plan, all of which are incorporated herein by reference, except to the extent otherwise expressly provided in this Award.

**NOW THEREFORE**, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties agree as follows:

**1. Performance Share Grant.** The Company hereby grants Holder the right to earn, Vest in and receive delivery of, on the Delivery Date, up to \_\_\_\_\_ Reserved Shares (“Performance Shares”) subject to the terms and conditions set forth in the Plan and in this Award.

**2. Definitions.** All words capitalized herein that are defined in the Plan shall have the meaning assigned them in the Plan; other capitalized words shall have the following meaning, or shall be defined elsewhere in this Award:

(a) “**Actual Reported Production**” means production of oil, condensate, natural gas liquids (“NGLs”), natural gas, synthetic oil, and synthetic gas expressed on a BOE basis, as reported in each Peer Company’s and the Company’s Form 10-K for the Performance Period, excluding production generated from each such company’s equity-method investee(s), if any.

(b) “**BOE**” means Barrels of Oil Equivalent, and for all purposes hereof, will be calculated using the ratio of one barrel of crude oil, condensate or NGLs to six thousand cubic feet of natural gas.

(c) “**Calculated Estimate of General and Administrative Expense**” means for each Non-Upstream-Focused Company, individually, (i) the quotient (rounded to four decimals and expressed as a percentage) of (x) its oil and natural gas revenues from continuing operations derived from exploration and production activities (as disclosed in its Form 10-K for the Performance Period in accordance with Financial Accounting Standards Board Codification (“FASC”) 932-235-50 (“FAS 69”) in its Form 10-K for the Performance Period), divided by (y) its total revenues from continuing operations reported on its consolidated income statement in its Form 10-K for the Performance Period; multiplied by (ii) its total general and administrative expenses from continuing operations for the Performance Period as reported on its consolidated income statement in its Form 10-K.

(d) “**Change in Future Development Costs**” means for each Peer Company and the Company, future development costs at December 31, 2015 less future development costs at December 31, 2014, as reported in each Peer Company’s and the Company’s Form 10-K disclosure of its standardized measure of discounted future net cash flows from proved oil, condensate, natural gas

liquid (“NGL”), natural gas, synthetic oil, and synthetic gas (or other nonrenewable natural resources that are intended to be upgraded into synthetic oil and gas) reserves.

(e) “Change in Unproved Properties” means for each Peer Company and the Company, the balance of unproved or unevaluated oil and natural gas properties at December 31, 2015 less the balance of unproved or unevaluated oil and natural gas properties at December 31, 2014, as reported on each Peer Company’s and the Company’s Form 10-K.

(f) “Committee Percentage Point Reduction” means the number (if any) of Performance Percentage Points (not in excess of the Committee Percentage Point Reduction Limitation) by which the Committee reduces Holder’s Performance Percentage Points in accordance with **Section 5** hereof.

(g) “Committee Percentage Point Reduction Limitation” means the lesser of (i) thirteen (13) Performance Percentage Points, or (ii) the product of (x) Holder’s Performance Percentage Points earned during the Performance Period as determined prior to the application of the Committee Percentage Point Reduction, multiplied by (y) twenty-five percent (25%).

(h) “Delivery Date” means the date on which Vested Earned Performance Shares are delivered to Holder, which shall be the Vesting Date, or as soon thereafter as practicable, but in no event later than thirty (30) days after the Vesting Date, or the date on which Performance Shares are delivered to Holder at the dates set forth in **Section 6(b)** or **7(c)(i), (ii)** or **(iii)**, if applicable.

(i) “Disability” means, without limitation, the same as it does in the Plan.

(j) “Earned Performance Shares” means the number of Performance Shares which are earned during the Performance Period as described and calculated in **Section 6** hereof.

(k) “Finding and Development Cost per BOE” means for each Peer Company and for the Company, individually, the quotient of (i) the sum of (a) the number in the table in **Appendix A** in Column 2, opposite each such company’s name presented in the table in **Appendix A** in Column 1, and (b) its Performance Period Finding and Development Cost, divided by (ii) the sum of (x) the number in the table in **Appendix A** in Column 3, opposite each such company’s name presented in the table in **Appendix A** in Column 1 and (y) its Performance Period Net Reserve Additions.

(l) “Fiscal Year” means the 12-month period adopted by the Company for financial reporting purposes.

(m) “Non-Upstream-Focused Companies” means the Peer Companies so designated in **Appendix B**.

(n) “Peer Company” means each of the companies listed in **Appendix B** hereto that files a Form 10-K that includes financial statements covering the Performance Period with the Securities and Exchange Commission by February 29, 2016.

(o) “Performance Measure” means the Capital Efficiency Ratio performance measure defined in **Section 4** for the Performance Period.

(p) “Performance Percentage” means the excess of (i) Holder’s aggregate Performance Percentage Points, over (ii) the Committee Percentage Points Reduction, if any, determined as of the last day of the Performance Period.

(q) “Performance Percentage Points” means, collectively, the points, designated as Performance Percentage Points, earned with respect to the Capital Efficiency Ratio Performance Measure during the Performance Period.

(r) “Performance Period” means the period beginning on January 1, 2015, and ending on December 31, 2015.

(s) “Performance Period Finding and Development Cost” means, as reported in each Peer Company’s and the Company’s Form 10-K in accordance with FAS 69 for the Performance Period and excluding any costs generated by each such company’s equity method investee(s), if any, (x) the sum of (i) its property acquisition, exploration and development costs incurred (including asset retirement obligations), (ii) its Change in Future Development Costs, and (iii) its depletion and depreciation expense related to CO<sub>2</sub> properties and CO<sub>2</sub> pipelines, if any, less (y) its Change in Unproved Properties.

(t) “Performance Period Net Reserve Additions” means as reported in each Peer Company’s and the Company’s Form 10-K in accordance with FAS 69 for the Performance Period the sum of (i) its oil, condensate, NGL, natural gas, synthetic oil, synthetic gas (or other nonrenewable natural resources that are intended to be upgraded into synthetic oil and gas) proved reserve

extensions and discoveries; (ii) its proved reserves from improved recovery; (iii) its revisions of previous proved reserves estimates and (iv) acquisition of minerals in place; each excluding those owned by an equity method investee(s), expressed on a BOE basis.

(u) “Performance Period Pretax Operating Income” means, (a) for Upstream-Focused Companies, pre-tax income, as reported on the consolidated Income Statement in each Peer Company’s and the Company’s Form 10-K for the Performance Period, adjusted to exclude the following items, as applicable: (i) interest income and expense; (ii) exploration expense; (iii) depletion, depreciation, amortization and accretion expense; (iv) commodity derivative gains and losses; (v) impairment charges; (vi) gains and losses incurred on the extinguishment of debt; and (vii) gains and losses incurred on the purchase or sale of assets, and (b) for Non-Upstream-Focused Companies, pre-tax income, as reported by the Peer Company or the Company in accordance with FASC 932-235-50 (previously FAS 69), adjusted to exclude the following items, as applicable: (i) interest income and expense; (ii) exploration expense; (iii) depletion, depreciation, amortization and accretion expense; (iv) commodity derivative gains and losses; (v) impairment charges; (vi) gains and losses incurred on the extinguishment of debt; (vii) gains and losses incurred on the purchase or sale of assets, and (viii) general and administrative expenses related to continuing operations. Performance Period Pretax Operating Income for Non-Upstream-Focused Companies will also be reduced by such company’s Calculated Estimate of General and Administrative Expense. Performance Period Pretax Operating Income will include all operations of each such company, other than those related to an equity-method investment, including operations that qualify as discontinued operations under generally accepted accounting principles in the United States of America.

(v) “Performance Period Pretax Operating Income per BOE” means for each Peer Company and for the Company, its Performance Period Pretax Operating Income divided by its Actual Reported Production.

(w) “Performance Shares” means the number of Reserved Shares subject to this Award, as shown on the first page of this Award.

(x) “Post Separation Change in Control” means a Change in Control which follows Holder’s Separation, but results from the Commencement of a Change in Control that occurs prior to Holder’s Separation. For all purposes of this Award, the term “**Commencement of a Change in Control**” means the date on which any material action, including without limitation through a written offer, open-market bid, corporate action, proxy solicitation or otherwise, is taken by a “person” (as defined in Section 13(d) or Section 14(d)(2) of the 1934 Act), or a “group” (as defined in Section 13(d)(3) of the 1934 Act), or their affiliates, to commence efforts that, within 12 months after the date of such material action, leads to a Change in Control involving such person, group, or their affiliates.

(y) “Target Performance Shares” means \_\_\_\_\_ of the Performance Shares, which is the number of Performance Shares which will be Earned Performance Shares if Holder’s Performance Percentage is 100%.

(z) “Upstream-Focused Companies” means the Company and those companies so designated in **Appendix B**.

(aa) “Vesting Date” means March 31, 2016 or the effective date of any earlier (i) Change in Control pursuant to **Section 6(b)** or (ii) death, disability or Post Separation Change in Control pursuant to **Sections 7(c)(i), (ii) or (iii)**, as appropriate.

**3. Performance Shares as Contractual Right.** Each Performance Share represents a contractual right to receive one share of Common Stock of the Company, subject to the terms and conditions of this Award; provided that the number of shares of Common Stock of the Company that may be deliverable hereunder in respect of the Performance Shares may range from 0% to 200% of the number of Target Performance Shares, and Holder’s right to receive Common Stock of the Company in respect of Performance Shares is generally contingent.

**4. Performance Percentage Points Earned With Respect to Capital Efficiency Ratio Performance Measure.**

(a) Capital Efficiency Ratio. The “**Capital Efficiency Ratio**” means, for the Company and each Peer Company, expressed as a percentage for each such company, the quotient of (i) its Performance Period Pretax Operating Income per BOE, divided by (ii) its Finding and Development Cost per BOE. The Capital Efficiency Ratio of the Company and each Peer Company is to be calculated as soon as practicable following the Performance Period. Once calculated for the Company and for each Peer Company, the exact Capital Efficiency Ratio, expressed as a percentage, for each such company shall be listed in Column 3 of the table below in descending order of their respective Capital Efficiency Ratio from the highest percentage to the lowest percentage. Column 2 of the table below shall reflect each such company’s name. The Company’s “**Capital Efficiency Percentage**” will be that percentage opposite the ranking of the Company in column 1 of the table below, shown in the appropriate “Number of Companies” Column.



The appropriate “Number of Companies” Column is the column with the number equivalent to the sum of a) the number of Peer Companies plus b) one (the Company).

			Capital Efficiency Percentages					
Column 1	Column 2	Column 3	“Number of Companies” Columns					
Ranking	Company Name	Capital Efficiency Ratio	13	12	11	10	9	8
1			100%	100%	100%	100%	100%	100%
2			92%	92%	91%	90%	88%	88%
3			85%	83%	82%	80%	77%	75%
4			77%	75%	73%	70%	66%	63%
5			69%	67%	64%	60%	55%	50%
6			62%	58%	55%	50%	44%	38%
7			54%	50%	45%	40%	33%	25%
8			46%	42%	36%	30%	22%	13%
9			38%	33%	27%	20%	11%	
10			31%	25%	18%	10%		
11			23%	17%	9%			
12			15%	8%				
13			8%					

(b) Performance Percentage Points. The Performance Percentage Points which will be credited to Holder with respect to the Capital Efficiency Percentage are set forth in the following chart:

	Capital Efficiency Percentage	Performance Percentage Points
A.	$\geq 90\%$ to 100%	66.7
B.	$\geq 70\%$ and $< 90\%$	53.3
C.	$\geq 50\%$ and $< 70\%$	40
D.	$\geq 30\%$ and $< 50\%$	26.7
E.	Less than 30%	0

**5. Committee’s Reduction of Performance Percentage Points.**

Notwithstanding any provision hereof to the contrary, the Committee, in its sole discretion, by written notice to Holder prior to the Vesting Date, may reduce Holder’s otherwise earned Performance Percentage Points by applying a “Committee Percentage Point Reduction.”

(a) Performance Percentage Points Reduction. The Committee will make its determination of the Committee Percentage Point Reduction amount (if any) based on the Committee’s subjective evaluation of Company performance with respect to each of the four Additional Committee Evaluation Factors listed in (b) below. This evaluation will determine the amount of the Performance Percentage Point Reduction (not to exceed the Committee Percentage Point Reduction Limitation) that will be the Committee Percentage Point Reduction for the Performance Period:

(b) For purposes of this Award, the “**Additional Committee Evaluation Factors**” are:

(i) the Company’s compliance with corporate governance factors such as the ability to obtain an unqualified auditors’ opinion on the Company’s financial statements contained in its Form 10-K for the Performance Period, and avoid any financial restatements,

- (ii) the Company's maintenance of a reasonable debt-to-capital and/or debt-to-cash-flow ratio,
- (iii) the Company's record as to health, safety and environmental compliance and results, and
- (iv) the increase in the net asset value per share of Company stock, determined after excluding the effects, to the extent reasonably practical, caused by fluctuations in commodity prices and capital and operating costs or other factors which are generally not controllable by the Company.

**6. Earning Performance Shares.**

(a) Earned Performance Shares. The number of Earned Performance Shares shall be equal to the product of (i) the Target Performance Shares, multiplied by (ii) the Performance Percentage. Only whole shares will be issued to the Holder. The Committee will determine and certify, and the Administrator will advise Holder, of Holder's Performance Percentage as soon as reasonably possible thereafter.

(b) Change in Control. Notwithstanding the foregoing and any other provision hereof to the contrary, if a Change in Control occurs during the Performance Period then, regardless of the Performance Percentage at the date of the Change in Control, Holder will be entitled to receive delivery of all of the Target Performance Shares (notwithstanding any provision hereof to the contrary, none of which Target Performance Shares will be retained by the Company other than as payment for withholding) as soon as reasonably possible following such Change in Control, but in no event later than the 15th day of the third month after the end of the Fiscal Year in which such Change in Control occurs, and Holder permanently shall forfeit the right to receive any other Performance Shares under this Award.

**7. Vesting (and Forfeiture) of Earned Performance Shares.**

(a) No Separation Prior to the Vesting Date. If Holder does not Separate prior to the Vesting Date Holder will be 100% Vested in the Earned Performance Shares.

(b) Retirement Vesting Date. In the event Holder reaches his Retirement Vesting Date prior to the Vesting Date, Holder will be entitled to receive Performance Shares in an amount equal to the number of Earned Performance Shares on the Vesting Date (which Performance Shares will be delivered to the employee on the Delivery Date), based on the actual performance results certified by the Committee, without any right to receive any additional Performance Shares, and without any proration of the number of Performance Shares earned in such circumstances. Notwithstanding the foregoing, in the event Holder Separates after Holder's Retirement Vesting Date, but within 12 months of the Date of Grant, all rights to receive Performance Shares under this Award will be forfeited.

(c) Forfeiture. Except to the extent expressly provided in **Sections 7(b) or 7(c) (i), (ii) or (iii)**, Holder permanently will forfeit all rights with respect to all Performance Shares upon the date of his Separation, if such Separation occurs prior to the Vesting Date.

(i) Death. If Holder Separates by reason of death prior to the Vesting Date, Holder's Beneficiary will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (and does not have any right to receive any other Performance Shares under this Award) as soon as reasonably possible, but in no event more than 90 days after Holder's death.

(ii) Disability. If Holder Separates by reason of a Disability prior to the Vesting Date, Holder will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (and does not have any right to receive any additional Performance Shares under this Award) as soon as reasonably possible but in no event later than the 15th day of the third month after the end of the Fiscal Year following the Date on which the Committee determines that Holder is Disabled.

(iii) Post Separation Change in Control. If there is a Post Separation Change in Control, Holder will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (and does not have any right to receive any additional Performance Shares under this Award) as soon as reasonably possible after the date of the Change in Control but in no event later than the 15th day of the third month after the end of the Fiscal Year in which such Change in Control occurs.

8. **Withholding.** On the Vesting Date, the minimum statutory tax withholding required to be made by the Company, or other withholding rate as determined by the Committee in its discretion if determined not to be detrimental to the Company or Participant, shall be paid by Holder (or Holder's Beneficiary) to the Administrator in cash, by delivery of Company Common Stock, or by authorizing the Company to retain Performance Shares, or a combination thereof; provided, further, that where Company Common Stock or Performance Shares are delivered or retained, the satisfaction of Holder's obligation hereunder will be based on the Fair Market Value on the Vesting Date of such delivered or retained Shares.

9. **Issuance of Shares.** Without limitation, Holder shall not have any of the rights and privileges of an owner of any of the Company's Common Stock (including voting rights and dividend rights) until the Vesting Date or such Shares otherwise become Vested Earned Performance Shares. The Administrator shall deliver the Vested Shares (reduced by the number of Vested Shares delivered to the Administrator to pay required withholding under **Section 8** above) to the Holder as soon as reasonably possible following Vesting. The Holder agrees that the delivery of Vested Shares hereunder is subject to the Company's stock ownership guidelines, as potentially modified from time to time.

10. **Administration.** Without limiting the generality of the Committee's rights, duties and obligations under the Plan, the Committee shall have the following specific rights, duties and obligations with respect to this Award. Without limitation, the Committee shall interpret conclusively the provisions of the Award, adopt such rules and regulations for carrying out the Award as it may deem advisable, decide conclusively all questions of fact arising in the application of the Award, certify the extent to which the Capital Efficiency Ratio Performance Measure has been satisfied and the number of Performance Percentage Points earned, exercise its right to reduce Performance Percentage Points, and make all other determinations and take all other actions necessary or desirable for the administration of the Award. The Committee is authorized to change any of the terms or conditions of the Award in order to take into account any material unanticipated change in the Company's or a Peer Company's operations, corporate structure, assets, or similar change, but only to the extent such action carries out the original purpose, intent and objectives of the Award, and, to the extent the Award is intended to qualify as "performance based" under Section 162(m) of the Internal Revenue Code, does not affect such qualification. All decisions and acts of the Committee shall be final and binding upon Holder and all other affected parties.

11. **Beneficiary.** Holder's rights hereunder shall be exercisable during Holder's lifetime only by Holder or Holder's legal representative. Holder may file with the Administrator a written designation of beneficiary (such person(s) being the Holder's "Beneficiary"), on such form as may be prescribed by the Administrator. Holder may, from time to time, amend or revoke a designation of Beneficiary. If no designated Beneficiary survives Holder, the Holder's estate shall be deemed to be Holder's Beneficiary.

12. **Adjustments in Respect of Performance Shares.** In addition to any adjustments under **Section 5** herein, in the event of any dividend or split of the primary common equity security of the Company or any Peer Company, or recapitalization (including, but not limited to, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to stockholders (other than cash dividends), exchange of such shares, or other similar corporate change, with regard to the Company or any Peer Company, appropriate adjustments may be made to the number of Target Performance Shares in a manner deemed equitable by the Committee.

13. **Holder's Access to Information.** As soon as reasonably possible after the close of the preceding Fiscal Year, the Committee (and the Administrator to the extent it shall have been directed by the Committee) shall make all relevant annually-determined calculations and determinations hereunder, and shall communicate such information to the Administrator. The Administrator will furnish all such relevant information to Holder as soon as reasonably possible following the date on which all, or a substantial majority, of the information is available.

14. **No Transfers Permitted.** The rights under this Award are not transferable by the Holder other than by will or the laws of descent and distribution, and so long as Holder lives, only Holder or his or her guardian or legal representative shall have the right to receive and retain Vested Earned Performance Shares.

15. **No Right To Continued Employment.** Neither the Plan nor this Award shall confer upon Holder any right with respect to continuation of employment by the Company, or any right to provide services to the Company, nor shall they interfere in any way with Holder's right to terminate employment, or the Company's right to terminate Holder's employment, at any time.

16. **Governing Law.** Without limitation, this Award shall be construed and enforced in accordance with, and be governed by, the laws of Delaware.

17. **Binding Effect.** This Award shall inure to the benefit of and be binding upon the heirs, executors, administrators, permitted successors and assigns of the parties hereto.

18. **Waivers.** Any waiver of any right granted pursuant to this Award shall not be valid unless it is in writing and signed by the party waiving the right. Any such waiver shall not be deemed to be a waiver of any other rights.

19. **Severability.** If any provision of this Award is declared or found to be illegal, unenforceable or void, in whole or in part, the remainder of this Award will not be affected by such declaration or finding and each such provision not so affected will be enforced to the fullest extent permitted by law.

**IN WITNESS WHEREOF**, the Company has caused this Award to be executed on its behalf by its duly-authorized representatives on the Date of Grant.

**DENBURY RESOURCES INC.**

By:

\_\_\_\_\_  
Phil Rykhoek  
CEO

\_\_\_\_\_  
Mark C. Allen  
Senior VP, CFO & Asst. Secretary

**ACKNOWLEDGMENT**

The undersigned hereby acknowledges (i) receipt of this Award, (ii) the opportunity to review the Plan, (iii) the opportunity to discuss this Award with a representative of the Company, and the undersigned's personal advisors, to the extent the undersigned deems necessary or appropriate, (iv) the understanding of the terms and provisions of the Award and the Plan, and (v) the understanding that, by the undersigned's signature below, the undersigned is agreeing to be bound by all of the terms and provisions of this Award and the Plan.

Without limitation, the undersigned agrees to accept as binding, conclusive and final all decisions, factual determinations, and/or interpretations (including, without limitation, all interpretations of the meaning of provisions of the Plan, or Award, or both) of the Committee regarding any questions arising under the Plan, or this Award, or both.

**Dated** as of the effective date.

\_\_\_\_\_  
**Holder Signature**

\_\_\_\_\_ Maximum Performance Shares

Date of Award: \_\_\_\_\_

**2015 CAPITAL EFFICIENCY PERFORMANCE SHARE AWARD****2004 OMNIBUS STOCK AND INCENTIVE PLAN****FOR DENBURY RESOURCES INC.**

This **PERFORMANCE SHARE AWARD** (this “**Award**”) is made effective on the **Date of Award** by Denbury Resources Inc. (the “**Company**”) in favor of \_\_\_\_\_ (“**Holder**”).

**WHEREAS**, in accordance with Section 17 of the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc., as amended and/or restated (the “**Plan**”), the Committee may grant performance-based Awards;

**WHEREAS**, the Committee desires to grant to Holder an Award under which Holder can earn a maximum of \_\_\_\_\_ Performance Shares based on the performance factors set forth in this Award, and subject to all of the provisions, including without limitation the Vesting provisions, of the Plan and this Award;

**WHEREAS**, no Performance Shares will be issued or outstanding until the Vesting Date or they become Vested Earned Performance Shares;

**WHEREAS**, the grant and issuance of a certain number Performance Shares (referred to as the “May Performance Shares”) under this Award are expressly conditioned upon the Company’s stockholders approving the Amended and Restated 2004 Omnibus Stock and Incentive Plan at the Company’s May 2015 annual meeting of stockholders (the “**Incentive Plan Stockholder Approval**”); and

**WHEREAS**, the Company and Holder understand and agree that this Award is in all respects subject to the terms, definitions and provisions of the Plan, all of which are incorporated herein by reference, except to the extent otherwise expressly provided in this Award.

**NOW THEREFORE**, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties agree as follows:

**1. Performance Share Grant.** The Company hereby grants Holder the right to earn, Vest in and receive delivery of, on the Delivery Date, up to \_\_\_\_\_ Reserved Shares (“**Performance Shares**”) subject to the terms and conditions set forth in the Plan and in this Award, including but not limited to those set forth in **Section 4** related to Incentive Plan Stockholder Approval.

**2. Definitions.** All words capitalized herein that are defined in the Plan shall have the meaning assigned them in the Plan; other capitalized words shall have the following meaning, or shall be defined elsewhere in this Award:

(a) “**Actual Reported Production**” means production of oil, condensate, natural gas liquids (“NGLs”), natural gas, synthetic oil, and synthetic gas expressed on a BOE basis, as reported in each Peer Company’s and the Company’s Form 10-K for the Performance Period, excluding production generated from each such company’s equity-method investee(s), if any.

(b) “**BOE**” means Barrels of Oil Equivalent, and for all purposes hereof, will be calculated using the ratio of one barrel of crude oil, condensate or NGLs to six thousand cubic feet of natural gas.

(c) “**Calculated Estimate of General and Administrative Expense**” means for each Non-Upstream-Focused Company, individually, (i) the quotient (rounded to four decimals and expressed as a percentage) of (x) its oil and natural gas revenues from continuing operations derived from exploration and production activities (as disclosed in its Form 10-K for the Performance Period in accordance with Financial Accounting Standards Board Codification (“FASC”) 932-235-50 (“FAS 69”) in its Form 10-K for the Performance Period), divided by (y) its total revenues from continuing operations reported on its consolidated income statement in its Form 10-K for the Performance Period; multiplied by (ii) its total general and administrative expenses from continuing operations for the Performance Period as reported on its consolidated income statement in its Form 10-K.

(d) “Change in Future Development Costs” means for each Peer Company and the Company, future development costs at December 31, 2015 less future development costs at December 31, 2014, as reported in each Peer Company’s and the Company’s Form 10-K disclosure of its standardized measure of discounted future net cash flows from proved oil, condensate, natural gas liquid (“NGL”), natural gas, synthetic oil, and synthetic gas (or other nonrenewable natural resources that are intended to be upgraded into synthetic oil and gas) reserves.

(e) “Change in Unproved Properties” means for each Peer Company and the Company, the balance of unproved or unevaluated oil and natural gas properties at December 31, 2015 less the balance of unproved or unevaluated oil and natural gas properties at December 31, 2014, as reported on each Peer Company’s and the Company’s Form 10-K.

(f) “Committee Percentage Point Reduction” means the number (if any) of Performance Percentage Points (not in excess of the Committee Percentage Point Reduction Limitation) by which the Committee reduces Holder’s Performance Percentage Points in accordance with **Section 6** hereof.

(g) “Committee Percentage Point Reduction Limitation” means the lesser of (i) thirteen (13) Performance Percentage Points, or (ii) the product of (x) Holder’s Performance Percentage Points earned during the Performance Period as determined prior to the application of the Committee Percentage Point Reduction, multiplied by (y) twenty-five percent (25%).

(h) “Delivery Date” means the date on which Vested Earned Performance Shares are delivered to Holder, which shall be the Vesting Date, or as soon thereafter as practicable, but in no event later than thirty (30) days after the Vesting Date, or the date on which Performance Shares are delivered to Holder at the dates set forth in **Section 7(b)** or **8(c)(i), (ii)** or **(iii)**, if applicable.

(i) “Disability” means, without limitation, the same as it does in the Plan.

(j) “Earned Performance Shares” means the number of Performance Shares which are earned during the Performance Period as described and calculated in **Section 7** hereof.

(k) “Finding and Development Cost per BOE” means for each Peer Company and for the Company, individually, the quotient of (i) the sum of (a) the number in the table in **Appendix A** in Column 2, opposite each such company’s name presented in the table in **Appendix A** in Column 1, and (b) its Performance Period Finding and Development Cost, divided by (ii) the sum of (x) the number in the table in **Appendix A** in Column 3, opposite each such company’s name presented in the table in **Appendix A** in Column 1 and (y) its Performance Period Net Reserve Additions.

(l) “Fiscal Year” means the 12-month period adopted by the Company for financial reporting purposes.

(m) “January Performance Shares” means the number Performance Shares to be issued under this Award that are not expressly conditioned upon the Incentive Plan Stockholder Approval and which are set forth in detail under “Table 1- January Performance Shares” in **Section 5(b)**.

(n) “May Performance Shares” means the number Performance Shares to be issued under this Award that are expressly conditioned upon the Incentive Plan Stockholder Approval and which are set forth in detail under “Table 2 - May Performance Shares” in **Section 5(b)**.

(o) “Non-Upstream-Focused Companies” means the Peer Companies so designated in **Appendix B**.

(p) “Peer Company” means each of the companies listed in **Appendix B** hereto that files a Form 10-K that includes financial statements covering the Performance Period with the Securities and Exchange Commission by February 29, 2016.

(q) “Performance Measure” means the Capital Efficiency Ratio performance measure defined in **Section 5** for the Performance Period.

(r) “Performance Percentage” means the excess of (i) Holder’s aggregate Performance Percentage Points, over (ii) the Committee Percentage Points Reduction, if any, determined as of the last day of the Performance Period.

(s) “Performance Percentage Points” means, collectively, the points, designated as Performance Percentage Points, earned with respect to the Capital Efficiency Ratio Performance Measure during the Performance Period.

(t) “Performance Period” means the period beginning on January 1, 2015, and ending on December 31, 2015.

(u) “Performance Period Finding and Development Cost” means, as reported in each Peer Company’s and the Company’s Form 10-K in accordance with FAS 69 for the Performance Period and excluding any costs generated by each such company’s equity method investee(s), if any, (x) the sum of (i) its property acquisition, exploration and development costs incurred (including asset retirement obligations), (ii) its Change in Future Development Costs, and (iii) its depletion and depreciation expense related to CO<sub>2</sub> properties and CO<sub>2</sub> pipelines, if any, less (y) its Change in Unproved Properties.

(v) “Performance Period Net Reserve Additions” means as reported in each Peer Company’s and the Company’s Form 10-K in accordance with FAS 69 for the Performance Period the sum of (i) its oil, condensate, NGL, natural gas, synthetic oil, synthetic gas (or other nonrenewable natural resources that are intended to be upgraded into synthetic oil and gas) proved reserve extensions and discoveries; (ii) its proved reserves from improved recovery; (iii) its revisions of previous proved reserves estimates and (iv) acquisition of minerals in place; each excluding those owned by an equity method investee(s), expressed on a BOE basis.

(w) “Performance Period Pretax Operating Income” means, (a) for Upstream-Focused Companies, pre-tax income, as reported on the consolidated Income Statement in each Peer Company’s and the Company’s Form 10-K for the Performance Period, adjusted to exclude the following items, as applicable: (i) interest income and expense; (ii) exploration expense; (iii) depletion, depreciation, amortization and accretion expense; (iv) commodity derivative gains and losses; (v) impairment charges; (vi) gains and losses incurred on the extinguishment of debt; and (vii) gains and losses incurred on the purchase or sale of assets, and (b) for Non-Upstream-Focused Companies, pre-tax income, as reported by the Peer Company or the Company in accordance with FASC 932-235-50 (previously FAS 69), adjusted to exclude the following items, as applicable: (i) interest income and expense; (ii) exploration expense; (iii) depletion, depreciation, amortization and accretion expense; (iv) commodity derivative gains and losses; (v) impairment charges; (vi) gains and losses incurred on the extinguishment of debt; (vii) gains and losses incurred on the purchase or sale of assets, and (viii) general and administrative expenses related to continuing operations. Performance Period Pretax Operating Income for Non-Upstream-Focused Companies will also be reduced by such company’s Calculated Estimate of General and Administrative Expense. Performance Period Pretax Operating Income will include all operations of each such company, other than those related to an equity-method investment, including operations that qualify as discontinued operations under generally accepted accounting principles in the United States of America.

(x) “Performance Period Pretax Operating Income per BOE” means for each Peer Company and for the Company, its Performance Period Pretax Operating Income divided by its Actual Reported Production.

(y) “Performance Shares” means the number of Reserved Shares subject to this Award, as shown on the first page of this Award.

(z) “Post Separation Change in Control” means a Change in Control which follows Holder’s Separation, but results from the Commencement of a Change in Control that occurs prior to Holder’s Separation. For all purposes of this Award, the term “**Commencement of a Change in Control**” means the date on which any material action, including without limitation through a written offer, open-market bid, corporate action, proxy solicitation or otherwise, is taken by a “person” (as defined in Section 13(d) or Section 14(d)(2) of the 1934 Act), or a “group” (as defined in Section 13(d)(3) of the 1934 Act), or their affiliates, to commence efforts that, within 12 months after the date of such material action, leads to a Change in Control involving such person, group, or their affiliates.

(aa) “Target Performance Shares” means \_\_\_\_\_ of the Performance Shares, which is the number of Performance Shares which will be Earned Performance Shares if Holder’s Performance Percentage is 100%.

(bb) “Upstream-Focused Companies” means the Company and those companies so designated in **Appendix B**.

(cc) “Vesting Date” means March 31, 2016 or the effective date of any earlier (i) Change in Control pursuant to **Section 7(b)** or (ii) death, disability or Post Separation Change in Control pursuant to **Sections 8(c)(i), (ii) or (iii)**, as appropriate.

**3. Performance Shares as Contractual Right.** Each Performance Share represents a contractual right to receive one share of Common Stock of the Company, subject to the terms and conditions of this Award; provided that the number of shares of Common Stock of the Company that may be deliverable hereunder in respect of the Performance Shares may range from 0% to 200% of the number of Target Performance Shares, and Holder’s right to receive Common Stock of the Company in respect of Performance Shares is generally contingent.



**4. Performance Shares Subject to Shareholder Approval.** Notwithstanding the other terms and conditions of this Award Agreement, the grant and issuance of the May Performance Shares, are expressly conditioned upon Incentive Plan Stockholder Approval. Holder has no rights or privileges to the May Performance Shares, and cannot vest in or otherwise earn any May Performance Shares, until the Incentive Plan Stockholder Approval (if any). For the avoidance of doubt, nothing contained in this **Section 4** affects the rights granted to Holder with respect to January Performance Shares and such Performance Shares are not conditioned upon Incentive Plan Stockholder Approval.

**5. Performance Percentage Points Earned With Respect to Capital Efficiency Ratio Performance Measure.**

(a) **Capital Efficiency Ratio.** The “**Capital Efficiency Ratio**” means, for the Company and each Peer Company, expressed as a percentage for each such company, the quotient of (i) its Performance Period Pretax Operating Income per BOE, divided by (ii) its Finding and Development Cost per BOE. The Capital Efficiency Ratio of the Company and each Peer Company is to be calculated as soon as practicable following the Performance Period. Once calculated for the Company and for each Peer Company, the exact Capital Efficiency Ratio, expressed as a percentage, for each such company shall be listed in Column 3 of the table below in descending order of their respective Capital Efficiency Ratio from the highest percentage to the lowest percentage. Column 2 of the table below shall reflect each such company’s name. The Company’s “**Capital Efficiency Percentage**” will be that percentage opposite the ranking of the Company in column 1 of the table below, shown in the appropriate “Number of Companies” Column. The appropriate “Number of Companies” Column is the column with the number equivalent to the sum of a) the number of Peer Companies plus b) one (the Company).

Column 1	Column 2	Column 3	Capital Efficiency Percentages					
			“Number of Companies” Columns					
Ranking	Company Name	Capital Efficiency Ratio	13	12	11	10	9	8
1			100%	100%	100%	100%	100%	100%
2			92%	92%	91%	90%	88%	88%
3			85%	83%	82%	80%	77%	75%
4			77%	75%	73%	70%	66%	63%
5			69%	67%	64%	60%	55%	50%
6			62%	58%	55%	50%	44%	38%
7			54%	50%	45%	40%	33%	25%
8			46%	42%	36%	30%	22%	13%
9			38%	33%	27%	20%	11%	
10			31%	25%	18%	10%		
11			23%	17%	9%			
12			15%	8%				
13			8%					

(b) **Performance Percentage Points.** The Performance Percentage Points which will be credited to Holder with respect to the Capital Efficiency Percentage for the January Performance Shares and the May Performance Shares are set forth in Table 1 and Table 2 below:

**Table 1 - January Performance Shares**

	Capital Efficiency Percentage	Performance Percentage Points
A.	>= 90% to 100%	28.977
B.	>= 70% and < 90%	28.977
C.	>= 50% and < 70%	28.977
D.	>= 30% and < 50%	26.7
E.	Less than 30%	0

**Table 2 - May Performance Shares**

	<b>Capital Efficiency Percentage</b>	<b>Performance Percentage Points</b>
A.	$\geq 90\%$ to 100%	37.723
B.	$\geq 70\%$ and $< 90\%$	24.323
C.	$\geq 50\%$ and $< 70\%$	11.023
D.	$\geq 30\%$ and $< 50\%$	0
E.	Less than 30%	0

**6. Committee's Reduction of Performance Percentage Points.**

Notwithstanding any provision hereof to the contrary, the Committee, in its sole discretion, by written notice to Holder prior to the Vesting Date, may reduce Holder's otherwise total earned Performance Percentage Points (measured by adding the Performance Percentage Points earned in Table 1 plus Table 2) by applying a "Committee Percentage Point Reduction."

(a) Performance Percentage Points Reduction. The Committee will make its determination of the Committee Percentage Point Reduction amount (if any) based on the Committee's subjective evaluation of Company performance with respect to each of the four Additional Committee Evaluation Factors listed in (b) below. This evaluation will determine the amount of the Performance Percentage Point Reduction (not to exceed the Committee Percentage Point Reduction Limitation) that will be the Committee Percentage Point Reduction for the Performance Period:

(b) For purposes of this Award, the "Additional Committee Evaluation Factors" are:

- (i) the Company's compliance with corporate governance factors such as the ability to obtain an unqualified auditors' opinion on the Company's financial statements contained in its Form 10-K for the Performance Period, and avoid any financial restatements,
- (ii) the Company's maintenance of a reasonable debt-to-capital and/or debt-to-cash-flow ratio,
- (iii) the Company's record as to health, safety and environmental compliance and results, and
- (iv) the increase in the net asset value per share of Company stock, determined after excluding the effects, to the extent reasonably practical, caused by fluctuations in commodity prices and capital and operating costs or other factors which are generally not controllable by the Company.

**7. Earning Performance Shares.**

(a) Earned Performance Shares. The number of Earned Performance Shares shall be equal to the product of (i) the Target Performance Shares, multiplied by (ii) the Performance Percentage Points in Table 1 and Table 2. Only whole shares will be issued to the Holder. The Committee will determine and certify, and the Administrator will advise Holder, of Holder's Performance Percentage as soon as reasonably possible thereafter.

(b) Change in Control. Notwithstanding the foregoing and any other provision hereof to the contrary, if a Change in Control occurs during the Performance Period then, regardless of the Performance Percentage at the date of the Change in Control, Holder will be entitled to receive delivery of all of the Target Performance Shares (notwithstanding any provision hereof to the contrary, none of which Target Performance Shares will be retained by the Company other than as payment for withholding) as soon as reasonably possible following such Change in Control, but in no event later than the 15th day of the third month after the end of the Fiscal Year in which such Change in Control occurs, and Holder permanently shall forfeit the right to receive any other Performance Shares under this Award.

## **8. Vesting (and Forfeiture) of Earned Performance Shares.**

(a) No Separation Prior to the Vesting Date. If Holder does not Separate prior to the Vesting Date Holder will be 100% Vested in the Earned Performance Shares.

(b) Retirement Vesting Date. In the event Holder reaches his Retirement Vesting Date prior to the Vesting Date, Holder will be entitled to receive Performance Shares in an amount equal to the number of Earned Performance Shares on the Vesting Date (which Performance Shares will be delivered to the employee on the Delivery Date), based on the actual performance results certified by the Committee, without any right to receive any additional Performance Shares, and without any proration of the number of Performance Shares earned in such circumstances. Notwithstanding the foregoing, in the event Holder Separates after Holder's Retirement Vesting Date, but within 12 months of the Date of Grant, all rights to receive Performance Shares under this Award will be forfeited.

(c) Forfeiture. Except to the extent expressly provided in **Sections 8(b) or 8(c) (i), (ii) or (iii)**, Holder permanently will forfeit all rights with respect to all Performance Shares upon the date of his Separation, if such Separation occurs prior to the Vesting Date.

(i) Death. If Holder Separates by reason of death prior to the Vesting Date, Holder's Beneficiary will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (and does not have any right to receive any other Performance Shares under this Award) as soon as reasonably possible, but in no event more than 90 days after Holder's death.

(ii) Disability. If Holder Separates by reason of a Disability prior to the Vesting Date, Holder will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (and does not have any right to receive any additional Performance Shares under this Award) as soon as reasonably possible but in no event later than the 15th day of the third month after the end of the Fiscal Year following the Date on which the Committee determines that Holder is Disabled.

(iii) Post Separation Change in Control. If there is a Post Separation Change in Control, Holder will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (and does not have any right to receive any additional Performance Shares under this Award) as soon as reasonably possible after the date of the Change in Control but in no event later than the 15th day of the third month after the end of the Fiscal Year in which such Change in Control occurs.

**9. Withholding.** On the Vesting Date, the minimum statutory tax withholding required to be made by the Company, or other withholding rate as determined by the Committee in its discretion if determined not to be detrimental to the Company or Participant, shall be paid by Holder (or Holder's Beneficiary) to the Administrator in cash, by delivery of Company Common Stock, or by authorizing the Company to retain Performance Shares, or a combination thereof; provided, further, that where Company Common Stock or Performance Shares are delivered or retained, the satisfaction of Holder's obligation hereunder will be based on the Fair Market Value on the Vesting Date of such delivered or retained Shares.

**10. Issuance of Shares.** Without limitation, Holder shall not have any of the rights and privileges of an owner of any of the Company's Common Stock (including voting rights and dividend rights) until the Vesting Date or such Shares otherwise become Vested Earned Performance Shares. The Administrator shall deliver the Vested Shares (reduced by the number of Vested Shares delivered to the Administrator to pay required withholding under **Section 9** above) to the Holder as soon as reasonably possible following Vesting. The Holder agrees that the delivery of Vested Shares hereunder is subject to the Company's stock ownership guidelines, as potentially modified from time to time.

**11. Administration.** Without limiting the generality of the Committee's rights, duties and obligations under the Plan, the Committee shall have the following specific rights, duties and obligations with respect to this Award. Without limitation, the Committee shall interpret conclusively the provisions of the Award, adopt such rules and regulations for carrying out the Award as it may deem advisable, decide conclusively all questions of fact arising in the application of the Award, certify the extent to which the Capital Efficiency Ratio Performance Measure has been satisfied and the number of Performance Percentage Points earned, exercise its right to reduce Performance Percentage Points, and make all other determinations and take all other actions necessary or desirable for the administration of the Award. The Committee is authorized to change any of the terms or conditions of the Award in order to take into account any material unanticipated change in the Company's or a Peer Company's operations,

corporate structure, assets, or similar change, but only to the extent such action carries out the original purpose, intent and objectives of the Award, and, to the extent the Award is intended to qualify as “performance based” under Section 162(m) of the Internal Revenue Code, does not affect such qualification. All decisions and acts of the Committee shall be final and binding upon Holder and all other affected parties.

**12. Beneficiary.** Holder’s rights hereunder shall be exercisable during Holder’s lifetime only by Holder or Holder’s legal representative. Holder may file with the Administrator a written designation of beneficiary (such person(s) being the Holder’s “Beneficiary”), on such form as may be prescribed by the Administrator. Holder may, from time to time, amend or revoke a designation of Beneficiary. If no designated Beneficiary survives Holder, the Holder’s estate shall be deemed to be Holder’s Beneficiary.

**13. Adjustments in Respect of Performance Shares.** In addition to any adjustments under **Section 6** herein, in the event of any dividend or split of the primary common equity security of the Company or any Peer Company, or recapitalization (including, but not limited to, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to stockholders (other than cash dividends), exchange of such shares, or other similar corporate change, with regard to the Company or any Peer Company, appropriate adjustments may be made to the number of Target Performance Shares in a manner deemed equitable by the Committee.

**14. Holder’s Access to Information.** As soon as reasonably possible after the close of the preceding Fiscal Year, the Committee (and the Administrator to the extent it shall have been directed by the Committee) shall make all relevant annually-determined calculations and determinations hereunder, and shall communicate such information to the Administrator. The Administrator will furnish all such relevant information to Holder as soon as reasonably possible following the date on which all, or a substantial majority, of the information is available.

**15. No Transfers Permitted.** The rights under this Award are not transferable by the Holder other than by will or the laws of descent and distribution, and so long as Holder lives, only Holder or his or her guardian or legal representative shall have the right to receive and retain Vested Earned Performance Shares.

**16. No Right To Continued Employment.** Neither the Plan nor this Award shall confer upon Holder any right with respect to continuation of employment by the Company, or any right to provide services to the Company, nor shall they interfere in any way with Holder’s right to terminate employment, or the Company’s right to terminate Holder’s employment, at any time.

**17. Governing Law.** Without limitation, this Award shall be construed and enforced in accordance with, and be governed by, the laws of Delaware.

**18. Binding Effect.** This Award shall inure to the benefit of and be binding upon the heirs, executors, administrators, permitted successors and assigns of the parties hereto.

**19. Waivers.** Any waiver of any right granted pursuant to this Award shall not be valid unless it is in writing and signed by the party waiving the right. Any such waiver shall not be deemed to be a waiver of any other rights.

**20. Severability.** If any provision of this Award is declared or found to be illegal, unenforceable or void, in whole or in part, the remainder of this Award will not be affected by such declaration or finding and each such provision not so affected will be enforced to the fullest extent permitted by law.

**IN WITNESS WHEREOF**, the Company has caused this Award to be executed on its behalf by its duly-authorized representatives on the Date of Grant.

**DENBURY RESOURCES INC.**

By:

\_\_\_\_\_  
Phil Rykhoek  
CEO

\_\_\_\_\_  
Mark C. Allen  
Senior VP, CFO & Asst. Secretary

## ACKNOWLEDGMENT

The undersigned hereby acknowledges (i) receipt of this Award, (ii) the opportunity to review the Plan, (iii) the opportunity to discuss this Award with a representative of the Company, and the undersigned's personal advisors, to the extent the undersigned deems necessary or appropriate, (iv) the understanding of the terms and provisions of the Award and the Plan, and (v) the understanding that, by the undersigned's signature below, the undersigned is agreeing to be bound by all of the terms and provisions of this Award and the Plan.

Without limitation, the undersigned agrees to accept as binding, conclusive and final all decisions, factual determinations, and/or interpretations (including, without limitation, all interpretations of the meaning of provisions of the Plan, or Award, or both) of the Committee regarding any questions arising under the Plan, or this Award, or both.

**Dated** as of the effective date.

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**Holder Signature**

\_\_\_\_\_ Maximum Performance Shares

Date of Grant: \_\_\_\_\_

**2015 GROWTH AND INCOME PERFORMANCE SHARE AWARD****2004 OMNIBUS STOCK AND INCENTIVE PLAN****FOR DENBURY RESOURCES INC.**

This **PERFORMANCE SHARE AWARD** (this “Award”) is made effective on the Date of Grant by Denbury Resources Inc. (the “Company”) in favor of \_\_\_\_\_ (“Holder”).

**WHEREAS, in accordance with** Section 17 of the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc., as amended and/or restated (the “Plan”), the Committee may grant performance-based Awards;

**WHEREAS**, the Committee desires to grant to Holder an Award under which Holder can earn a maximum of \_\_\_\_\_ Performance Shares based on the performance factors set forth in this Award, and subject to all of the provisions, including without limitation the Vesting provisions, of the Plan and this Award;

**WHEREAS**, no Performance Shares will be issued or outstanding until the Vesting Date or they become Vested Earned Performance Shares; and

**WHEREAS**, the Company and Holder understand and agree that this Award is in all respects subject to the terms, definitions and provisions of the Plan, all of which are incorporated herein by reference, except to the extent otherwise expressly provided in this Award.

**NOW THEREFORE**, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties agree as follows:

**1. Performance Share Grant.** The Company hereby grants Holder the right to earn, Vest in, and receive delivery of, on the Delivery Date up to \_\_\_\_\_ Reserved Shares (“Performance Shares”) subject to the terms and conditions set forth in the Plan and in this Award.

**2. Definitions.** All words capitalized herein that are defined in the Plan shall have the meaning assigned them in the Plan; other capitalized words shall have the following meaning, or shall be defined elsewhere in this Award:

(a) “Actual Reported Production” means production of oil, condensate, natural gas liquids (“NGLs”) and natural gas, expressed on a BOE-per-day basis, as reported in the Company’s Form 10-K for each Fiscal Year within the Performance Period.

(b) “Annual Adjusted Cash Flow” means, for each Fiscal Year within the Performance Period, the result of (i) Cash Flow from Operations, plus (ii) the Commodity Price Adjustment and (iii) Commodity Derivative Settlements, minus (iv) Working Capital Changes and minus (v) Development Capital Expenditures.

(c) “Annual Adjusted Cash Flow Per Share” means for each Fiscal Year within the Performance Period, the quotient (rounded to two decimal places) of (i) Annual Adjusted Cash Flow divided by (ii) Basic Weighted Average Shares Outstanding for that Fiscal Year.

(d) “Annual Production Per Share” means for each Fiscal Year within the Performance Period, the quotient of (i) Actual Reported Production divided by (ii) Basic Weighted Average Shares Outstanding for that Fiscal Year.

(e) “Basic Weighted Average Shares Outstanding” means for any Fiscal Year, that number of shares of common stock of the Company which is used to compute basic earnings per share for that Fiscal Year as presented on the Company’s Statements of Operations in its Form 10-K.

(f) “BOE” means Barrels of Oil Equivalent, and for all purposes hereof, will be calculated using the ratio of one barrel of crude oil, condensate or NGLs to six thousand cubic feet of natural gas.

(g) “Cash Flow from Operations” means, for each Fiscal Year within the Performance Period, the Company’s operating cash flow for those Fiscal Years as presented on the Company’s Statement of Cash Flows in its Forms 10-K for such Fiscal Years.

(h) “Committee Percentage Point Reduction” means the number (if any) of Performance Percentage Points (not in excess of the Committee Percentage Point Reduction Limitation) by which the Committee reduces Holder’s Performance Percentage Points in accordance with **Section 5** hereof.

(i) “Committee Percentage Point Reduction Limitation” means the lesser of (i) twenty-seven (27) Performance Percentage Points, or (ii) the product of (x) Holder’s Performance Percentage Points earned during the Performance Period as determined prior to the application of the Committee Percentage Point Reduction, multiplied by (y) twenty-five percent (25%).

(j) “Commodity Derivative Settlements” means amounts paid, less amounts received, to settle commodity derivative contracts covering production during the Performance Period, adjusted to exclude that portion of current income tax expense (benefit), associated with such settlements, as calculated in the Company’s annual income tax provision.

(k) “Commodity Price Adjustment” means, for each Fiscal Year period within the Performance Period, \$20 million multiplied by the result of (i) Forecasted BOE Price specified in **Appendix A** to this Award minus (ii) the Realized BOE Price.

(l) “Delivery Date” means the date on which Vested Earned Performance Shares are delivered to Holder, which shall be the Vesting Date, or as soon thereafter as practicable, but in no event later than thirty (30) days after the Vesting Date, or the date on which Performance Shares are delivered to Holder at the dates set forth in **Section 6(b)** or **7(c)(i), (ii)** or **(iii)**, if applicable.

(m) “Development Capital Expenditures” means, for each Fiscal Year period within the Performance Period, the sum of the amounts of the line items presented in the “Cash Flow Used for Investing Activities” (or similar) section of the Company’s Statement of Cash Flows in its Form 10-K for such Fiscal Year that represent the Company’s oil and natural gas and CO<sub>2</sub> development activities (which for example included in the Company’s Form 10-K for 2014 capital expenditures for oil and gas; CO<sub>2</sub> properties; and, pipelines and plants), as such line items showing amounts of capital expenditures may change from year to year, adjusted to include the change in accruals related to those expenditures during the Fiscal Year (as disclosed in the Company’s financial statement footnotes filed in its Form 10-K). As a point of clarification, Development Capital Expenditures should include all capital expenditures incurred during the Fiscal Year, regardless of whether those capital expenditures were paid in cash during the year or recorded as a liability for future payment. Development Capital Expenditures do not include cash outflows incurred to acquire, or invest in, businesses, other entities or properties.

(n) “Disability” means, without limitation, the same as it does in the Plan.

(o) “Earned Performance Shares” means the number of Performance Shares which are earned during the Performance Period as described and calculated in **Section 6** hereof.

(p) “Fiscal Year” means the 12-month period adopted by the Company for financial reporting purposes.

(q) “Performance Measure” means the Average Growth and Income Rate, defined in **Section 4(a)** for the Performance Period.

(r) “Performance Period” means the period beginning on January 1, 2015, and ending on December 31, 2017.

(s) “Performance Percentage” means the excess of (i) Holder’s aggregate Performance Percentage Points, over (ii) the Committee Percentage Points Reduction, if any, determined as of the last day of the Performance Period.

(t) “Performance Percentage Points” means, collectively, the points, designated as Performance Percentage Points, earned with respect to the Average Growth and Income Rate Performance Measure during the Performance Period.

(u) “Performance Shares” means the number of Reserved Shares subject to this Award, as shown on the first page of this Award.

(v) “Post Separation Change in Control” means a Change in Control which follows Holder’s Separation, but results from the Commencement of a Change in Control that occurs prior to Holder’s Separation. For all purposes of this Award, the term “**Commencement of a Change in Control**” means the date on which any material action, including without limitation through a written offer, open-market bid, corporate action, proxy solicitation or otherwise, is taken by a “person” (as defined in Section 13(d) or Section 14(d)(2) of the 1934 Act), or a “group” (as defined in Section 13(d)(3) of the 1934 Act), or their affiliates, to commence efforts that, within 12 months after the date of such material action, leads to a Change in Control involving such person, group, or their affiliates.

(w) “Realized BOE Price” means the Company’s realized unit sales price per barrel of oil equivalent (excluding the impact of derivative settlements) as presented in the Company’s Form 10-K for each Fiscal Year.

(x) “Target Performance Shares” means \_\_\_\_\_ of the Performance Shares, which is the number of Performance Shares which will be Earned Performance Shares if Holder’s Performance Percentage is 100%.

(y) “Working Capital Changes” means for each Fiscal Year within the Performance Period, an amount equal to the sum of the items presented in the “Changes in Assets and Liabilities” (or similar) subsection of the Company’s Statement of Cash Flows in its Form 10-K for such Fiscal year.

(z) “Vesting Date” means March 31, 2018 or the effective date of any earlier (i) Change in Control pursuant to **Section 6(b)** or (ii) death, disability or Post Separation Change in Control pursuant to **Sections 7(c)(i), (ii) or (iii)**, as appropriate.

**3. Performance Shares as Contractual Right.** Each Performance Share represents a contractual right to receive one share of Common Stock of the Company, subject to the terms and conditions of this Award; provided that the number of shares of Common Stock of the Company that may be deliverable hereunder in respect of the Performance Shares may range from 0% to 200% of the number of Target Performance Shares, and Holder’s right to receive Common Stock of the Company in respect of Performance Shares is generally contingent.

**4. Measurement of Percentage Points Earned With Respect to the Growth and Income Performance Measure**

(a) Average Growth and Income Rate Performance Percentage Points. The Performance Percentage Points which will be credited to Holder are set forth in the following chart based on the Average Growth and Income Rate for the three Fiscal Years within the Performance Period. The “**Average Growth and Income Rate**” means the quotient (rounded to three decimal places and then expressed as a percentage) of (x) the sum of the Annual Growth and Income Rate for each Fiscal Year during the Performance Period, divided by (y) 3.

	<u>Average Growth and Income Rate</u>	<u>Performance Percentage Points</u>
A.	>=11.0%	133.3
B.	>=10.0% and <11.0%	106.7
C.	>=9.0% and <10.0%	80
D.	>=7.0% and <9.0%	53.3
E.	Less than 7.0%	0

(b) Annual Growth and Income Rate. For purposes of this Award, the “**Annual Growth and Income Rate**” for each Fiscal Year within the Performance Period shall be equal to the sum of the (i) Annual Production Per Share Growth Rate for that Fiscal Year and (ii) the Annual Adjusted Cash Flow Per Share Rate.

(c) Annual Production Per Share Growth Rate. For purposes of this Award, the “**Annual Production Per Share Growth Rate**” for each Fiscal Year in the Performance Period, shall be equal to the quotient (rounded to three decimal places and then expressed as a percentage) of (i) Annual Production Per Share for that Fiscal Year minus Annual Production Per Share for the immediately preceding Fiscal Year (“Prior Fiscal Year”), divided by (ii) Annual Production Per Share for the Prior Fiscal Year.

(d) Annual Adjusted Cash Flow Per Share Rate. For purposes of this Award, the “**Annual Adjusted Cash Flow Per Share Rate**” for each Fiscal Year in the Performance Period, shall be equal to the quotient (rounded to three decimal places and then expressed as a percentage) of (i) Annual Adjusted Cash Flow Per Share divided by (ii) the Pro Forma Stock Price, as specified in **Appendix B** to this award.



**5. Committee's Reduction of Performance Percentage Points.**

Notwithstanding any provision hereof to the contrary, the Committee, in its sole discretion, by written notice to Holder prior to the Vesting Date, may reduce Holder's otherwise earned Performance Percentage Points by applying a "Committee Percentage Point Reduction."

(a) Performance Percentage Points Reduction. The Committee will make its determination of the Committee Percentage Point Reduction amount (if any) based on the Committee's subjective evaluation of Company performance with respect to each of the four Additional Committee Evaluation Factors listed in (b) below. This evaluation will determine the amount of the Performance Percentage Point Reduction (not to exceed the Committee Percentage Point Reduction Limitation) that will be the Committee Percentage Point Reduction for the Performance Period:

(b) For purposes of this Award, the "Additional Committee Evaluation Factors" are:

(i) the Company's compliance with corporate governance factors such as the ability to obtain an unqualified auditors' opinion on the Company's financial statements contained in its Form 10-K for the Performance Period, and avoid any financial restatements,

(ii) the Company's maintenance of a reasonable debt-to-capital and/or debt-to-cash-flow ratio,

(iii) the Company's record as to health, safety and environmental compliance and results, and

(iv) the increase in the net asset value per share of Company stock, determined after excluding the effects, to the extent reasonably practical, caused by fluctuations in commodity prices and capital and operating costs or other factors which are generally not controllable by the Company.

**6. Earning Performance Shares.**

(a) Earned Performance Shares. The number of Earned Performance Shares shall be equal to the product of (i) the Target Performance Shares, multiplied by (ii) the Performance Percentage Points. Only whole shares will be issued to the Holder. The Committee will determine and certify, and the Administrator will advise Holder, of Holder's Performance Percentage as soon as reasonably possible thereafter.

(b) Change in Control. Notwithstanding the foregoing and any other provision hereof to the contrary, if a Change in Control occurs during the Performance Period then, regardless of the Performance Percentage at the date of the Change in Control, Holder will be entitled to receive delivery of all of the Target Performance Shares (notwithstanding any provision hereof to the contrary, none of which Target Performance Shares will be retained by the Company other than as payment for withholding) as soon as reasonably possible following such Change in Control, but in no event later than the 15th day of the third month after the end of the Fiscal Year in which such Change in Control occurs, and Holder permanently shall forfeit the right to receive any other Performance Shares under this Award.

**7. Vesting (and Forfeiture) of Earned Performance Shares.**

(a) No Separation Prior to the Vesting Date. If Holder does not Separate prior to the Vesting Date Holder will be 100% Vested in the Earned Performance Shares.

(b) Retirement Vesting Date. In the event Holder reaches his Retirement Vesting Date prior to the Vesting Date, Holder will be entitled to receive Performance Shares in an amount equal to the number of Earned Performance Shares on the Vesting Date (which Performance Shares will be delivered to the employee on the Delivery Date), based on the actual performance results certified by the Committee, without any right to receive any additional Performance Shares, and without any proration of the number of Performance Shares earned in such circumstances. Notwithstanding the foregoing, in the event Holder Separates after Holder's Retirement Vesting Date, but within 12 months of the Date of Grant, all rights to receive Performance Shares under this Award will be forfeited.

(c) **Forfeiture.** Except to the extent expressly provided in **Sections 7(b) or 7(c) (i), (ii) or (iii)**, Holder permanently will forfeit all rights with respect to all Performance Shares upon the date of his Separation, if such Separation occurs prior to the Vesting Date.

(i) **Death.** If Holder Separates by reason of death prior to the Vesting Date, Holder's Beneficiary will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (and does not have any right to receive any other Performance Shares under this Award) as soon as reasonably possible, but in no event more than 90 days after Holder's death.

(ii) **Disability.** If Holder Separates by reason of a Disability prior to the Vesting Date, Holder will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (and does not have any right to receive any additional Performance Shares under this Award) as soon as reasonably possible, but in no event later than the 15th day of the third month after the end of the Fiscal Year following the Date on which the Committee determines that Holder is Disabled.

(iii) **Post Separation Change in Control.** If there is a Post Separation Change in Control, Holder will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (and does not have any right to receive any additional Performance Shares under this Award) as soon as reasonably possible after the date of the Change in Control, but in no event later than the 15th day of the third month after the end of the Fiscal Year in which such Change in Control occurs.

**8. Withholding.** On the Vesting Date, the minimum statutory tax withholding required to be made by the Company, or other withholding rate as determined by the Committee in its discretion if determined not to be detrimental to the Company or Participant, shall be paid by Holder (or Holder's Beneficiary) to the Administrator in cash, by delivery of Company Common Stock, or by authorizing the Company to retain Performance Shares, or a combination thereof; provided, further, that where Company Common Stock or Performance Shares are delivered or retained, the satisfaction of Holder's obligation hereunder will be based on the Fair Market Value on the Vesting Date of such delivered or retained Shares.

**9. Issuance of Shares.** Without limitation, Holder shall not have any of the rights and privileges of an owner of any of the Company's Common Stock (including voting rights and dividend rights), until the Vesting Date or such Shares otherwise become Vested Earned Performance Shares. The Administrator shall deliver the Vested Shares (reduced by the number of Vested Shares delivered to the Administrator to pay required withholding under **Section 8** above) to the Holder as soon as reasonably possible following Vesting. The Holder agrees that the delivery of Vested Shares hereunder is subject to the Company's stock ownership guidelines, as potentially modified from time to time.

**10. Administration.** Without limiting the generality of the Committee's rights, duties and obligations under the Plan, the Committee shall have the following specific rights, duties and obligations with respect to this Award. Without limitation, the Committee shall interpret conclusively the provisions of the Award, adopt such rules and regulations for carrying out the Award as it may deem advisable, decide conclusively all questions of fact arising in the application of the Award, certify the extent to which the Average Growth and Income Rate Performance Measure has been satisfied and the number of Performance Percentage Points earned, exercise its right to reduce Performance Percentage Points, and make all other determinations and take all other actions necessary or desirable for the administration of the Award. The Committee is authorized to change any of the terms or conditions of the Award in order to take into account any material unanticipated change in the Company's or a Peer Company's operations, corporate structure, assets, or similar change, but only to the extent such action carries out the original purpose, intent and objectives of the Award, and, to the extent the Award is intended to qualify as "performance based" under Section 162(m) of the Internal Revenue Code, does not affect such qualification. All decisions and acts of the Committee shall be final and binding upon Holder and all other affected parties.

**11. Beneficiary.** Holder's rights hereunder shall be exercisable during Holder's lifetime only by Holder or Holder's legal representative. Holder may file with the Administrator a written designation of beneficiary (such person(s) being the Holder's "**Beneficiary**"), on such form as may be prescribed by the Administrator. Holder may, from time to time, amend or revoke a designation of Beneficiary. If no designated Beneficiary survives Holder, the Holder's estate shall be deemed to be Holder's Beneficiary.

**12. Adjustments in Respect of Performance Shares.** In addition to any adjustments under **Section 5** herein, in the event of any dividend or split of the primary common equity security of the Company or any Peer Company, or recapitalization (including, but not limited to, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets

to stockholders (other than cash dividends), exchange of such shares, or other similar corporate change, with regard to the Company or any Peer Company, appropriate adjustments may be made to the number of Target Performance Shares in a manner deemed equitable by the Committee.

13. **Holder's Access to Information.** As soon as reasonably possible after the close of the preceding Fiscal Year, the Committee (and the Administrator to the extent it shall have been directed by the Committee) shall make all relevant annually-determined calculations and determinations hereunder, and shall communicate such information to the Administrator. The Administrator will furnish all such relevant information to Holder as soon as reasonably possible following the date on which all, or a substantial majority, of the information is available.

14. **No Transfers Permitted.** The rights under this Award are not transferable by the Holder other than by will or the laws of descent and distribution, and so long as Holder lives, only Holder or his or her guardian or legal representative shall have the right to receive and retain Vested Earned Performance Shares.

15. **No Right To Continued Employment.** Neither the Plan nor this Award shall confer upon Holder any right with respect to continuation of employment by the Company, or any right to provide services to the Company, nor shall they interfere in any way with Holder's right to terminate employment, or the Company's right to terminate Holder's employment, at any time.

16. **Governing Law.** Without limitation, this Award shall be construed and enforced in accordance with, and be governed by, the laws of Delaware.

17. **Binding Effect.** This Award shall inure to the benefit of and be binding upon the heirs, executors, administrators, permitted successors and assigns of the parties hereto.

18. **Waivers.** Any waiver of any right granted pursuant to this Award shall not be valid unless it is in writing and signed by the party waiving the right. Any such waiver shall not be deemed to be a waiver of any other rights.

19. **Severability.** If any provision of this Award is declared or found to be illegal, unenforceable or void, in whole or in part, the remainder of this Award will not be affected by such declaration or finding and each such provision not so affected will be enforced to the fullest extent permitted by law.

**IN WITNESS WHEREOF**, the Company has caused this Award to be executed on its behalf by its duly authorized representatives on the Date of Grant.

**DENBURY RESOURCES INC.**

By:

\_\_\_\_\_  
Phil Rykhoek  
CEO

\_\_\_\_\_  
Mark C. Allen  
Senior VP, CFO & Asst. Secretary

**ACKNOWLEDGMENT**

The undersigned hereby acknowledges (i) receipt of this Award, (ii) the opportunity to review the Plan, (iii) the opportunity to discuss this Award with a representative of the Company, and the undersigned's personal advisors, to the extent the undersigned deems necessary or appropriate, (iv) the understanding of the terms and provisions of the Award and the Plan, and (v) the understanding that, by the undersigned's signature below, the undersigned is agreeing to be bound by all of the terms and provisions of this Award and the Plan.

Without limitation, the undersigned agrees to accept as binding, conclusive and final all decisions, factual determinations, and/or interpretations (including, without limitation, all interpretations of the meaning of provisions of the Plan, or Award, or both) of the Committee regarding any questions arising under the Plan, or this Award, or both.

**Dated** as of the effective date.

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**Holder Signature**

\_\_\_\_\_ Maximum Performance Shares

Date of Award: \_\_\_\_\_

**2015 GROWTH AND INCOME PERFORMANCE SHARE AWARD****2004 OMNIBUS STOCK AND INCENTIVE PLAN****FOR DENBURY RESOURCES INC.**

This **PERFORMANCE SHARE AWARD** (this “**Award**”) is made effective on the Date of Award by Denbury Resources Inc. (the “**Company**”) in favor of \_\_\_\_\_ (“**Holder**”).

**WHEREAS, in accordance with** Section 17 of the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc., as amended and/or restated (the “**Plan**”), the Committee may grant performance-based Awards;

**WHEREAS**, the Committee desires to grant to Holder an Award under which Holder can earn a maximum of \_\_\_\_\_ Performance Shares based on the performance factors set forth in this Award, and subject to all of the provisions, including without limitation the Vesting provisions, of the Plan and this Award;

**WHEREAS**, no Performance Shares will be issued or outstanding until the Vesting Date or they become Vested Earned Performance Shares;

**WHEREAS**, the grant and issuance of a certain number Performance Shares (referred to as the “May Performance Shares”) under this Award are expressly conditioned upon the Company’s stockholders approving the Amended and Restated 2004 Omnibus Stock and Incentive Plan at the Company’s May 2015 annual meeting of stockholders (the “**Incentive Plan Stockholder Approval**”); and

**WHEREAS**, the Company and Holder understand and agree that this Award is in all respects subject to the terms, definitions and provisions of the Plan, all of which are incorporated herein by reference, except to the extent otherwise expressly provided in this Award.

**NOW THEREFORE**, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties agree as follows:

**1. Performance Share Grant.** The Company hereby grants Holder the right to earn, Vest in, and receive delivery of, on the Delivery Date up to \_\_\_\_\_ Reserved Shares (“**Performance Shares**”) subject to the terms and conditions set forth in the Plan and in this Award, including but not limited to those set forth in **Section 4** related to Incentive Plan Stockholder Approval.

**2. Definitions.** All words capitalized herein that are defined in the Plan shall have the meaning assigned them in the Plan; other capitalized words shall have the following meaning, or shall be defined elsewhere in this Award:

(a) “**Actual Reported Production**” means production of oil, condensate, natural gas liquids (“**NGLs**”) and natural gas, expressed on a BOE-per-day basis, as reported in the Company’s Form 10-K for each Fiscal Year within the Performance Period.

(b) “**Annual Adjusted Cash Flow**” means, for each Fiscal Year within the Performance Period, the result of (i) Cash Flow from Operations, plus (ii) the Commodity Price Adjustment and (iii) Commodity Derivative Settlements, minus (iv) Working Capital Changes and minus (v) Development Capital Expenditures.

(c) “**Annual Adjusted Cash Flow Per Share**” means for each Fiscal Year within the Performance Period, the quotient (rounded to two decimal places) of (i) Annual Adjusted Cash Flow divided by (ii) Basic Weighted Average Shares Outstanding for that Fiscal Year.

(d) “**Annual Production Per Share**” means for each Fiscal Year within the Performance Period, the quotient of (i) Actual Reported Production divided by (ii) Basic Weighted Average Shares Outstanding for that Fiscal Year.

(e) “Basic Weighted Average Shares Outstanding” means for any Fiscal Year, that number of shares of common stock of the Company which is used to compute basic earnings per share for that Fiscal Year as presented on the Company’s Statements of Operations in its Form 10-K.

(f) “BOE” means Barrels of Oil Equivalent, and for all purposes hereof, will be calculated using the ratio of one barrel of crude oil, condensate or NGLs to six thousand cubic feet of natural gas.

(g) “Cash Flow from Operations” means, for each Fiscal Year within the Performance Period, the Company’s operating cash flow for those Fiscal Years as presented on the Company’s Statement of Cash Flows in its Forms 10-K for such Fiscal Years.

(h) “Committee Percentage Point Reduction” means the number (if any) of Performance Percentage Points (not in excess of the Committee Percentage Point Reduction Limitation) by which the Committee reduces Holder’s Performance Percentage Points in accordance with **Section 6** hereof.

(i) “Committee Percentage Point Reduction Limitation” means the lesser of (i) twenty-seven (27) Performance Percentage Points, or (ii) the product of (x) Holder’s Performance Percentage Points earned during the Performance Period as determined prior to the application of the Committee Percentage Point Reduction, multiplied by (y) twenty-five percent (25%).

(j) “Commodity Derivative Settlements” means amounts paid, less amounts received, to settle commodity derivative contracts covering production during the Performance Period, adjusted to exclude that portion of current income tax expense (benefit), associated with such settlements, as calculated in the Company’s annual income tax provision.

(k) “Commodity Price Adjustment” means, for each Fiscal Year period within the Performance Period, \$20 million multiplied by the result of (i) Forecasted BOE Price specified in **Appendix A** to this Award minus (ii) the Realized BOE Price.

(l) “Delivery Date” means the date on which Vested Earned Performance Shares are delivered to Holder, which shall be the Vesting Date, or as soon thereafter as practicable, but in no event later than thirty (30) days after the Vesting Date, or the date on which Performance Shares are delivered to Holder at the dates set forth in **Section 7(b)** or **8(c)(i), (ii)** or **(iii)**, if applicable.

(m) “Development Capital Expenditures” means, for each Fiscal Year period within the Performance Period, the sum of the amounts of the line items presented in the “Cash Flow Used for Investing Activities” (or similar) section of the Company’s Statement of Cash Flows in its Form 10-K for such Fiscal Year that represent the Company’s oil and natural gas and CO<sub>2</sub> development activities (which for example included in the Company’s Form 10-K for 2014 capital expenditures for oil and gas; CO<sub>2</sub> properties; and, pipelines and plants), as such line items showing amounts of capital expenditures may change from year to year, adjusted to include the change in accruals related to those expenditures during the Fiscal Year (as disclosed in the Company’s financial statement footnotes filed in its Form 10-K). As a point of clarification, Development Capital Expenditures should include all capital expenditures incurred during the Fiscal Year, regardless of whether those capital expenditures were paid in cash during the year or recorded as a liability for future payment. Development Capital Expenditures do not include cash outflows incurred to acquire, or invest in, businesses, other entities or properties.

(n) “Disability” means, without limitation, the same as it does in the Plan.

(o) “Earned Performance Shares” means the number of Performance Shares which are earned during the Performance Period as described and calculated in **Section 7** hereof.

(p) “Fiscal Year” means the 12-month period adopted by the Company for financial reporting purposes.

(q) “January Performance Shares” means the number Performance Shares to be issued under this Award that are not expressly conditioned upon the Incentive Plan Stockholder Approval and which are set forth in detail under “Table 1- January Performance Shares” in **Section 5(a)**.

(r) “May Performance Shares” means the number Performance Shares to be issued under this Award that are expressly conditioned upon the Incentive Plan Stockholder Approval and which are set forth in detail under “Table 2 - May Performance Shares” in **Section 5(a)**.

(s) “Performance Measure” means the Average Growth and Income Rate, defined in **Section 3(a)** for the Performance Period.

(t) “Performance Period” means the period beginning on January 1, 2015, and ending on December 31, 2017.

(u) “Performance Percentage” means the excess of (i) Holder’s aggregate Performance Percentage Points, over (ii) the Committee Percentage Points Reduction, if any, determined as of the last day of the Performance Period.

(v) “Performance Percentage Points” means, collectively, the points, designated as Performance Percentage Points, earned with respect to the Average Growth and Income Rate Performance Measure during the Performance Period.

(w) “Performance Shares” means the number of Reserved Shares subject to this Award, as shown on the first page of this Award.

(x) “Post Separation Change in Control” means a Change in Control which follows Holder’s Separation, but results from the Commencement of a Change in Control that occurs prior to Holder’s Separation. For all purposes of this Award, the term “**Commencement of a Change in Control**” means the date on which any material action, including without limitation through a written offer, open-market bid, corporate action, proxy solicitation or otherwise, is taken by a “person” (as defined in Section 13(d) or Section 14(d)(2) of the 1934 Act), or a “group” (as defined in Section 13(d)(3) of the 1934 Act), or their affiliates, to commence efforts that, within 12 months after the date of such material action, leads to a Change in Control involving such person, group, or their affiliates.

(y) “Realized BOE Price” means the Company’s realized unit sales price per barrel of oil equivalent (excluding the impact of derivative settlements) as presented in the Company’s Form 10-K for each Fiscal Year.

(z) “Target Performance Shares” means \_\_\_\_\_ of the Performance Shares, which is the number of Performance Shares which will be Earned Performance Shares if Holder’s Performance Percentage is 100%.

(aa) “Working Capital Changes” means for each Fiscal Year within the Performance Period, an amount equal to the sum of the items presented in the “Changes in Assets and Liabilities” (or similar) subsection of the Company’s Statement of Cash Flows in its Form 10-K for such Fiscal year.

(bb) “Vesting Date” means March 31, 2018 or the effective date of any earlier (i) Change in Control pursuant to **Section 7(b)** or (ii) death, disability or Post Separation Change in Control pursuant to Sections **8(c)(i)**, **(ii)** or **(iii)**, as appropriate.

**3. Performance Shares as Contractual Right.** Each Performance Share represents a contractual right to receive one share of Common Stock of the Company, subject to the terms and conditions of this Award; provided that the number of shares of Common Stock of the Company that may be deliverable hereunder in respect of the Performance Shares may range from 0% to 200% of the number of Target Performance Shares, and Holder’s right to receive Common Stock of the Company in respect of Performance Shares is generally contingent.

**4. Performance Shares Subject to Shareholder Approval.** Notwithstanding the other terms and conditions of this Award Agreement, the grant and issuance of the May Performance Shares, are expressly conditioned upon Incentive Plan Stockholder Approval. Holder has no rights or privileges to the May Performance Shares, and cannot vest in or otherwise earn any May Performance Shares, until the Incentive Plan Stockholder Approval (if any). For the avoidance of doubt, nothing contained in this **Section 4** affects the rights granted to Holder with respect to January Performance Shares and such Performance Shares are not conditioned upon Incentive Plan Stockholder Approval.

**5. Measurement of Percentage Points Earned With Respect to the Growth and Income Performance Measure**

(a) Average Growth and Income Rate Performance Percentage Points. The Performance Percentage Points which will be credited to Holder for the January Performance Shares and the May Performance Shares are set forth in Table 1 and Table 2 below based on the Average Growth and Income Rate for the three Fiscal Years within the Performance Period. The “**Average Growth and Income Rate**” means the quotient (rounded to three decimal places and then expressed as a percentage) of (x) the sum of the Annual Growth and Income Rate for each Fiscal Year during the Performance Period, divided by (y) 3.

**Table 1 - January Performance Shares**

	<b><u>Average Growth and Income Rate</u></b>	<b><u>Performance Percentage Points</u></b>
A.	$\geq 11.0\%$	57.955
B.	$\geq 10.0\%$ and $< 11.0\%$	57.955
C.	$\geq 9.0\%$ and $< 10.0\%$	57.955
D.	$\geq 7.0\%$ and $< 9.0\%$	53.3
E.	Less than 7.0%	0

**Table 2 - May Performance Shares**

	<b><u>Average Growth and Income Rate</u></b>	<b><u>Performance Percentage Points</u></b>
A.	$\geq 11.0\%$	75.345
B.	$\geq 10.0\%$ and $< 11.0\%$	48.745
C.	$\geq 9.0\%$ and $< 10.0\%$	22.045
D.	$\geq 7.0\%$ and $< 9.0\%$	0
E.	Less than 7.0%	0

(b) **Annual Growth and Income Rate.** For purposes of this Award, the “**Annual Growth and Income Rate**” for each Fiscal Year within the Performance Period shall be equal to the sum of the (i) Annual Production Per Share Growth Rate for that Fiscal Year and (ii) the Annual Adjusted Cash Flow Per Share Rate.

(c) **Annual Production Per Share Growth Rate.** For purposes of this Award, the “**Annual Production Per Share Growth Rate**” for each Fiscal Year in the Performance Period, shall be equal to the quotient (rounded to three decimal places and then expressed as a percentage) of (i) Annual Production Per Share for that Fiscal Year minus Annual Production Per Share for the immediately preceding Fiscal Year (“**Prior Fiscal Year**”), divided by (ii) Annual Production Per Share for the Prior Fiscal Year.

(d) **Annual Adjusted Cash Flow Per Share Rate.** For purposes of this Award, the “**Annual Adjusted Cash Flow Per Share Rate**” for each Fiscal Year in the Performance Period, shall be equal to the quotient (rounded to three decimal places and then expressed as a percentage) of (i) Annual Adjusted Cash Flow Per Share divided by (ii) the Pro Forma Stock Price, as specified in **Appendix B** to this award.

**6. Committee’s Reduction of Performance Percentage Points.**

Notwithstanding any provision hereof to the contrary, the Committee, in its sole discretion, by written notice to Holder prior to the Vesting Date, may reduce Holder’s otherwise total earned Performance Percentage Points (measured by adding the Performance Percentage Points earned in Table 1 plus Table 2) by applying a “Committee Percentage Point Reduction.”

(a) **Performance Percentage Points Reduction.** The Committee will make its determination of the Committee Percentage Point Reduction amount (if any) based on the Committee’s subjective evaluation of Company performance with respect to each of the four Additional Committee Evaluation Factors listed in (b) below. This evaluation will determine the amount of the Performance Percentage Point Reduction (not to exceed the Committee Percentage Point Reduction Limitation) that will be the Committee Percentage Point Reduction for the Performance Period:

(b) For purposes of this Award, the “**Additional Committee Evaluation Factors**” are:

(i) the Company’s compliance with corporate governance factors such as the ability to obtain an unqualified auditors’ opinion on the Company’s financial statements contained in its Form 10-K for the Performance Period, and avoid any financial restatements,

(ii) the Company’s maintenance of a reasonable debt-to-capital and/or debt-to-cash-flow ratio,



(iii) the Company's record as to health, safety and environmental compliance and results, and

(iv) the increase in the net asset value per share of Company stock, determined after excluding the effects, to the extent reasonably practical, caused by fluctuations in commodity prices and capital and operating costs or other factors which are generally not controllable by the Company.

**7. Earning Performance Shares.**

(a) Earned Performance Shares. The number of Earned Performance Shares shall be equal to the product of (i) the Target Performance Shares, multiplied by (ii) the Performance Percentage Points. Only whole shares will be issued to the Holder. The Committee will determine and certify, and the Administrator will advise Holder, of Holder's Performance Percentage as soon as reasonably possible thereafter.

(b) Change in Control. Notwithstanding the foregoing and any other provision hereof to the contrary, if a Change in Control occurs during the Performance Period then, regardless of the Performance Percentage at the date of the Change in Control, Holder will be entitled to receive delivery of all of the Target Performance Shares (notwithstanding any provision hereof to the contrary, none of which Target Performance Shares will be retained by the Company other than as payment for withholding) as soon as reasonably possible following such Change in Control, but in no event later than the 15th day of the third month after the end of the Fiscal Year in which such Change in Control occurs, and Holder permanently shall forfeit the right to receive any other Performance Shares under this Award.

**8. Vesting (and Forfeiture) of Earned Performance Shares.**

(a) No Separation Prior to the Vesting Date. If Holder does not Separate prior to the Vesting Date Holder will be 100% Vested in the Earned Performance Shares.

(b) Retirement Vesting Date. In the event Holder reaches his Retirement Vesting Date prior to the Vesting Date, Holder will be entitled to receive Performance Shares in an amount equal to the number of Earned Performance Shares on the Vesting Date (which Performance Shares will be delivered to the employee on the Delivery Date), based on the actual performance results certified by the Committee, without any right to receive any additional Performance Shares, and without any proration of the number of Performance Shares earned in such circumstances. Notwithstanding the foregoing, in the event Holder Separates after Holder's Retirement Vesting Date, but within 12 months of the Date of Grant, all rights to receive Performance Shares under this Award will be forfeited.

(c) Forfeiture. Except to the extent expressly provided in **Sections 8(b) or 8(c) (i), (ii) or (iii)**, Holder permanently will forfeit all rights with respect to all Performance Shares upon the date of his Separation, if such Separation occurs prior to the Vesting Date.

(i) Death. If Holder Separates by reason of death prior to the Vesting Date, Holder's Beneficiary will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (and does not have any right to receive any other Performance Shares under this Award) as soon as reasonably possible, but in no event more than 90 days after Holder's death.

(ii) Disability. If Holder Separates by reason of a Disability prior to the Vesting Date, Holder will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (and does not have any right to receive any additional Performance Shares under this Award) as soon as reasonably possible, but in no event later than the 15th day of the third month after the end of the Fiscal Year following the Date on which the Committee determines that Holder is Disabled.

(iii) Post Separation Change in Control. If there is a Post Separation Change in Control, Holder will be entitled to receive Performance Shares in an amount equal to the number of Target Performance Shares (and does not have any right to receive any additional Performance Shares under this Award) as soon as reasonably possible after the date of the Change in Control, but in no event later than the 15th day of the third month after the end of the Fiscal Year in which such Change in Control occurs.

**9. Withholding.** On the Vesting Date, the minimum statutory tax withholding required to be made by the Company, or other

withholding rate as determined by the Committee in its discretion if determined not to be detrimental to the Company or Participant, shall be paid by Holder (or Holder's Beneficiary) to the Administrator in cash, by delivery of Company Common Stock, or by authorizing the Company to retain Performance Shares, or a combination thereof; provided, further, that where Company Common Stock or Performance Shares are delivered or retained, the satisfaction of Holder's obligation hereunder will be based on the Fair Market Value on the Vesting Date of such delivered or retained Shares.

**10. Issuance of Shares.** Without limitation, Holder shall not have any of the rights and privileges of an owner of any of the Company's Common Stock (including voting rights and dividend rights), until the Vesting Date or such Shares otherwise become Vested Earned Performance Shares. The Administrator shall deliver the Vested Shares (reduced by the number of Vested Shares delivered to the Administrator to pay required withholding under **Section 9** above) to the Holder as soon as reasonably possible following Vesting. The Holder agrees that the delivery of Vested Shares hereunder is subject to the Company's stock ownership guidelines, as potentially modified from time to time.

**11. Administration.** Without limiting the generality of the Committee's rights, duties and obligations under the Plan, the Committee shall have the following specific rights, duties and obligations with respect to this Award. Without limitation, the Committee shall interpret conclusively the provisions of the Award, adopt such rules and regulations for carrying out the Award as it may deem advisable, decide conclusively all questions of fact arising in the application of the Award, certify the extent to which the Average Growth and Income Rate Performance Measure has been satisfied and the number of Performance Percentage Points earned, exercise its right to reduce Performance Percentage Points, and make all other determinations and take all other actions necessary or desirable for the administration of the Award. The Committee is authorized to change any of the terms or conditions of the Award in order to take into account any material unanticipated change in the Company's or a Peer Company's operations, corporate structure, assets, or similar change, but only to the extent such action carries out the original purpose, intent and objectives of the Award, and, to the extent the Award is intended to qualify as "performance based" under Section 162(m) of the Internal Revenue Code, does not affect such qualification. All decisions and acts of the Committee shall be final and binding upon Holder and all other affected parties.

**12. Beneficiary.** Holder's rights hereunder shall be exercisable during Holder's lifetime only by Holder or Holder's legal representative. Holder may file with the Administrator a written designation of beneficiary (such person(s) being the Holder's "**Beneficiary**"), on such form as may be prescribed by the Administrator. Holder may, from time to time, amend or revoke a designation of Beneficiary. If no designated Beneficiary survives Holder, the Holder's estate shall be deemed to be Holder's Beneficiary.

**13. Adjustments in Respect of Performance Shares.** In addition to any adjustments under **Section 6** herein, in the event of any dividend or split of the primary common equity security of the Company or any Peer Company, or recapitalization (including, but not limited to, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to stockholders (other than cash dividends), exchange of such shares, or other similar corporate change, with regard to the Company or any Peer Company, appropriate adjustments may be made to the number of Target Performance Shares in a manner deemed equitable by the Committee.

**14. Holder's Access to Information.** As soon as reasonably possible after the close of the preceding Fiscal Year, the Committee (and the Administrator to the extent it shall have been directed by the Committee) shall make all relevant annually-determined calculations and determinations hereunder, and shall communicate such information to the Administrator. The Administrator will furnish all such relevant information to Holder as soon as reasonably possible following the date on which all, or a substantial majority, of the information is available.

**15. No Transfers Permitted.** The rights under this Award are not transferable by the Holder other than by will or the laws of descent and distribution, and so long as Holder lives, only Holder or his or her guardian or legal representative shall have the right to receive and retain Vested Earned Performance Shares.

**16. No Right To Continued Employment.** Neither the Plan nor this Award shall confer upon Holder any right with respect to continuation of employment by the Company, or any right to provide services to the Company, nor shall they interfere in any way with Holder's right to terminate employment, or the Company's right to terminate Holder's employment, at any time.

**17. Governing Law.** Without limitation, this Award shall be construed and enforced in accordance with, and be governed by, the laws of Delaware.

**18. Binding Effect.** This Award shall inure to the benefit of and be binding upon the heirs, executors, administrators, permitted

successors and assigns of the parties hereto.

**19. Waivers.** Any waiver of any right granted pursuant to this Award shall not be valid unless it is in writing and signed by the party waiving the right. Any such waiver shall not be deemed to be a waiver of any other rights.

**20. Severability.** If any provision of this Award is declared or found to be illegal, unenforceable or void, in whole or in part, the remainder of this Award will not be affected by such declaration or finding and each such provision not so affected will be enforced to the fullest extent permitted by law.

**IN WITNESS WHEREOF**, the Company has caused this Award to be executed on its behalf by its duly authorized representatives on the Date of Grant.

**DENBURY RESOURCES INC.**

By:

\_\_\_\_\_  
Phil Rykhoek  
CEO

\_\_\_\_\_  
Mark C. Allen  
Senior VP, CFO & Asst. Secretary

**ACKNOWLEDGMENT**

The undersigned hereby acknowledges (i) receipt of this Award, (ii) the opportunity to review the Plan, (iii) the opportunity to discuss this Award with a representative of the Company, and the undersigned's personal advisors, to the extent the undersigned deems necessary or appropriate, (iv) the understanding of the terms and provisions of the Award and the Plan, and (v) the understanding that, by the undersigned's signature below, the undersigned is agreeing to be bound by all of the terms and provisions of this Award and the Plan.

Without limitation, the undersigned agrees to accept as binding, conclusive and final all decisions, factual determinations, and/or interpretations (including, without limitation, all interpretations of the meaning of provisions of the Plan, or Award, or both) of the Committee regarding any questions arising under the Plan, or this Award, or both.

**Dated** as of the effective date.

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**Holder Signature**

**CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Phil Rykhoek, certify that:

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

May 6, 2015

/s/ Phil Rykhoek

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Phil Rykhoek

President and Chief Executive Officer

**CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark C. Allen, certify that:

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

May 6, 2015

/s/ Mark Allen

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Mark C. Allen

Senior Vice President, Chief Financial Officer,  
Treasurer, and Assistant Secretary

**Certification of Chief Executive Officer and Chief Financial Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the accompanying Annual Report on Form 10-Q for the quarter ended March 31, 2015 (the Report) of Denbury Resources Inc. (Denbury) as filed with the Securities and Exchange Commission, each of the undersigned, in his capacity as an officer of Denbury, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Denbury.

Dated: May 6, 2015

/s/ Phil Rykhoek

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Phil Rykhoek

President and Chief Executive Officer

Dated: May 6, 2015

/s/ Mark C. Allen

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Mark C. Allen

Senior Vice President, Chief Financial Officer,  
Treasurer, and Assistant Secretary