



January 20, 2012

Lander Field Office  
 Attn: RMP Project Manager  
 1335 Main St.  
 P.O. Box 589  
 Lander, WY 82520

Via FedEx and Via email: [BLM\\_WY\\_LRMP\\_WYMail@blm.gov](mailto:BLM_WY_LRMP_WYMail@blm.gov)

RE: Draft Resource Management Plan and Environmental Impact Statement for the Lander Field Office Planning Area, 1610(930)

Dear Ladies and Gentlemen:

The Wyoming Pipeline Authority (WPA) is an entity created by the State of Wyoming for the purpose of monitoring, analyzing and promoting the pipeline and related infrastructure necessary to support the production and delivery of Wyoming's natural resources. The WPA is particularly focused on the adequacy and timely development of crude oil, natural gas, refined products, natural gas liquids and carbon dioxide pipelines that are essential to the production and development of oil and gas. In accordance with the legislative directives governing the WPA, the WPA has reviewed the Draft Resource Management Plan and Environmental Impact Statement for the Lander Field Office Planning Area (hereinafter referred to as the "Draft RMP"). The WPA respectfully offers the following comments and recommendations regarding the material and conclusions contained in the Draft RMP:

**1. The Draft RMP dismisses the placement of additional below ground facilities (pipelines) through the area named Beef Gap.**

In Table 2.6. Detailed Alternative Descriptions by Resource, the Draft RMP identifies Lander Field Office Common Goal number 8 as: "*Co-locate ROWs whenever possible.*"<sup>1</sup> In Section 4.6.3.2., Methods and Assumptions, a bullet point states: "*...Corridors and communications sites or ROW-use areas are designated as the preferred future locations for ROWs.*"<sup>2</sup> However, this general goal of co-location is abandoned through an area known as Beef Gap. The categorical exclusion of a ROW corridor through the Beef Gap area appears in several places in the Draft RMP: "*...Close the Beef Gap section of the Sweetwater Rocks*

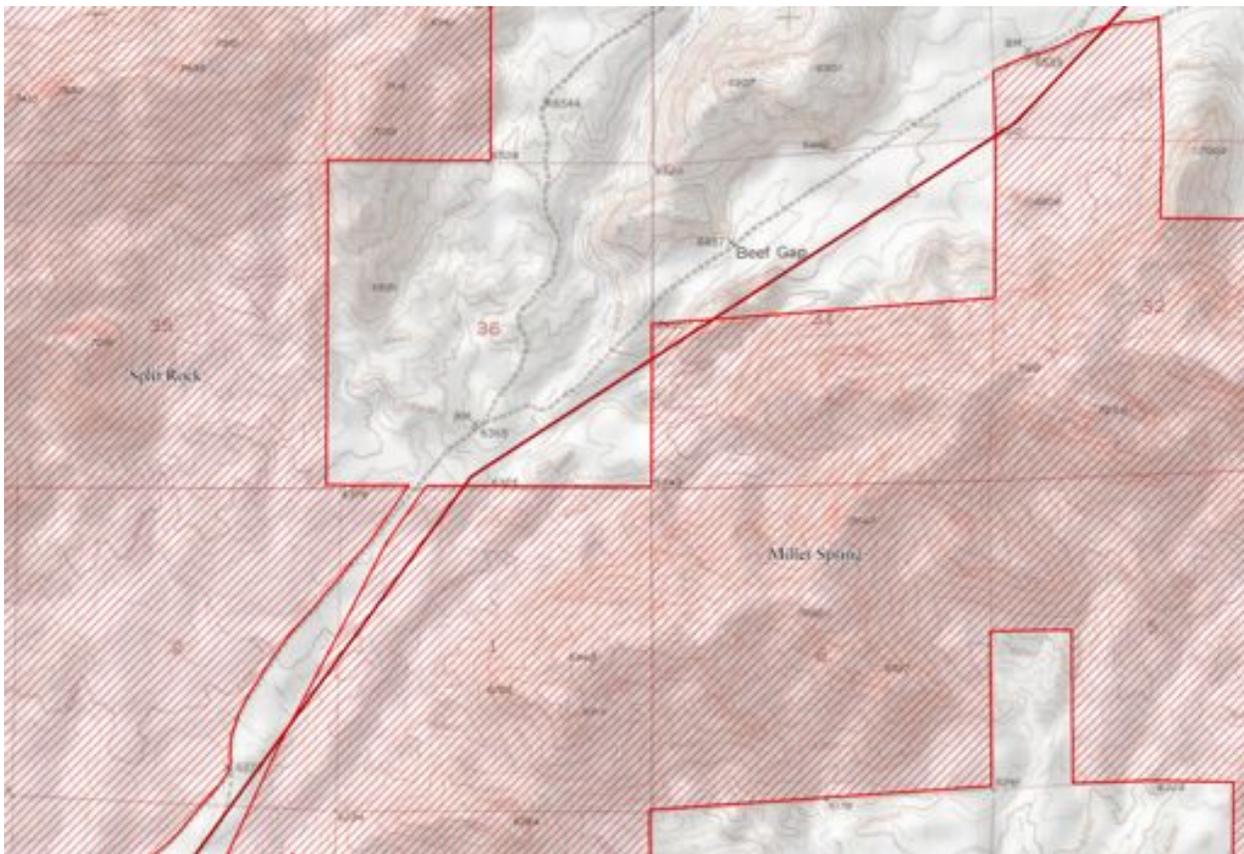
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<sup>1</sup> Draft RMP, Volume 1, p. 59

<sup>2</sup> Draft RMP, Volume 2, p. 971

*complex to any new ROWs even if co-located with existing ROWs.”<sup>3</sup> and “Although not formally designated as a ROW corridor, the Beef Gap area has been a concentration area for ROWs; however, there is no more ROW capacity in the Beef Gap area and the BLM is not considering any more authorizations in this location.”<sup>4</sup> also “Crowding is not anticipated (BLM 2009b), although there are certain areas of capacity limitation such as in the Beef Gap area.”<sup>5</sup>*

The Draft RMP provides no engineering support for the conclusion adopted as fact that the Beef Gap area does not have sufficient space to support the installation of one or more additional buried pipelines. Based upon verbal communication the Lander Field Office, the separation between the Split Rock WSA and the Miller Spring WSA in the vicinity of Beef Gap is approximately 150 feet (see map below).



The Draft RMP provides no engineering support for the conclusion that a ROW corridor through Beef Gap that was limited to no more than 150 feet in width would be insufficient

<sup>3</sup> Draft RMP, Volume 1, Table 2.28, p. 129

<sup>4</sup> Draft RMP, Volume 1, p. 420

<sup>5</sup> Draft RMP, Volume 1, p. 421

to support more than the two pipelines already in that area.<sup>6</sup> The elimination of a corridor through the Beef Gap area is based upon an unsupported assertion that congestion will consign future pipelines to alternative and lengthier pathways requiring greater total land use disturbance and impact.

The elimination of a ROW corridor through Beef Gap may be in part a consequence of the general description of ROW corridors in the Draft RMP. Under Section 4.6.3.2. Methods and Assumptions: “*Designated corridors are ½ mile wide, except as specifically identified under an alternative. The corridors will be designated for **aboveground and/or underground use.***” (emphasis added). The inclusion of overhead electric transmission lines may have contributed to the unsupported elimination of a ROW corridor through Beef Gap. A ROW corridor for underground uses only should be made available..

**Recommendation: The conclusion that the area known as Beef Gap is too congested for additional underground ROW use be (i) technically supported or (ii) that a ROW corridor through Beef Gap for underground use be included in the final RMP/EIS.**

**2. The Draft RMP fails to include in the Preferred Alternative the ROW corridor designated as “Frontier/Anadarko” as shown in Alternative C.**

The analysis of ROW requirements under the four alternatives is focused on the movement of oil and gas produced in the area of the Lander Field Office and on the delivery of energy commodities characterized as “...*commodities that are ultimately delivered as utility services (e.g., natural gas and electricity) to residential and commercial customers.*”<sup>7</sup> This focus is unduly limited. The movement of produced oil, refined oil products and carbon dioxide are all critical to the development of resources both within the planning area and in other locations in Wyoming. In particular, the movement of carbon dioxide from source locations in southwest Wyoming to destinations such as the Big Horn Basin and the Powder River Basin that are located outside of the Lander Field Office Planning Area will likely compel the development of additional carbon dioxide pipelines that will cross through the Lander Field Office Planning Area.

Two significant sources of additional carbon dioxide within Wyoming have been publically disclosed and will impact the use of Rights-of-Way in the Lander Field Office Planning Area. First, the coal to liquids plant proposed by DKRW Advanced Fuels, LLC (“DKRW”) to be constructed near Medicine Bow, WY will produce up to 200,000 thousand cubic feet (mcf) per day of carbon dioxide. Denbury Resources Inc. (“Denbury”) and DKRW have announced a purchase and sale agreement that would convey carbon dioxide produced at the DKRW plant to Denbury. A press release dated March 16, 2011 discussing this transaction is attached as Exhibit A. The second major announced source of additional carbon dioxide available in Wyoming is the Riley Ridge Project located in southwest

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<sup>6</sup> One pipeline is owned by Anadarko Petroleum Corp and is in carbon dioxide transport service. The other pipeline is owned by Rocky Mountain Pipeline Systems and is in crude oil service.

<sup>7</sup> Draft RMP, Volume 1, p. 420

Wyoming. As discussed in the Denbury press release dated June 28, 2011 and attached as Exhibit B, the Riley Ridge Project will add as much as 630,000 mcf per day of carbon dioxide supply to the Wyoming carbon dioxide pipeline grid.

The WPA and the Enhanced Oil Recovery Institute (EORI) have previously engaged in a joint effort to analyze what an efficient carbon dioxide network serving Wyoming would look like and to identify key segments in that network. Key segments were identified as those segments that could act as a bottleneck that would require future expense and environmental impact to correct. The results of that joint effort were publically available as early as 2009 and were the subject of a presentation to the Joint Minerals, Business and Economic Development Committee of the Wyoming Legislature (the "Joint Minerals Committee") on September 15, 2009. A copy of that presentation is attached hereto as Exhibit C. As noted in page 19 of that presentation, the segment of line through the Lander Field Office Planning Area is identified as a critical segment. That segment was identified as playing a key role in the movement of substantial future quantities of carbon dioxide in Wyoming.

The corridor designated as the "Frontier/Anadarko" corridor in Alternative C currently contains a carbon dioxide pipeline that moves carbon dioxide from an existing source in southwest Wyoming to the Powder River Basin. This corridor represents an established and reasonably direct route from sources in southwest Wyoming to the Powder River Basin and to other potential enhanced oil recovery locations such as the Big Horn Basin. However, the existing carbon dioxide pipeline may not be capable of moving all the additional carbon dioxide from southwest Wyoming to locations such as the Powder River Basin and the Big Horn Basin. Alternative routes to move carbon dioxide from southwest Wyoming to the Powder River Basin and/or the Big Horn Basin such as use of the "Lost Creek" and "Sand Draw to Casper" corridors will increase the total land disturbance and impact.

**Recommendation: BLM should include the "Frontier/Anadarko" ROW corridor identified in Alternative C in the final RMP/EIS. In the event that the exclusion of a corridor through Beef Gap is technically supported then the final RMP/EIS should provide an alternative ROW corridor for that portion of the Frontier/Anadarko corridor that passes through Beef Gap. In particular, the final RMP/EIS should reflect an additional corridor which deviates from the Frontier/Anadarko corridor beginning where the existing Anadarko 16-inch CO2 line crosses Green Mountain Road (Section 9, T. 28 N., R. 91 W.) and continuing north along Green Mountain Road, across Highway 287 and then north along Agate Road to the existing PacifiCorp transmission line corridor in Section 27, T. 31 N., R. 90 W. as reflected in the comments provided in this proceeding by the Office of the Governor of Wyoming. This new corridor is located on the west side of Agate Flat Road to avoid potential conflicts with Lankin Dome WSA. The final RMP/EIS should modify ROW avoidance and exclusion areas as necessary to accommodate the inclusion of this modified ROW corridor.**

### **3. The Draft RMP is inconsistent in the depiction of ROW corridors in the Preferred Alternative D and in the depiction of ROW Exclusion Areas in the Preferred Alternative D.**

Map 108 depicts Rights-of-Way Designated Corridors in Communication Sites in Alternative D. Included in that map is a corridor trending along a north-south axis and labeled as “Lost Creek”. This corridor follows an existing natural gas pipeline and is potentially significant to the future development and movement of natural gas and oil production out of the Lander Field Office Planning Area. The WPA applauds the BLM for the inclusion of the Lost Creek ROW corridor in the Preferred Alternative D.<sup>8</sup>

However, Map 104 Rights-of-Way Avoidance and Exclusion Areas in the Preferred Alternative D depicts ROW Exclusion Areas both north and south of Jeffrey City, WY that if adopted would preclude the use of the corridor designated as “Lost Creek” on Map 108. In effect, the Right-of-Way Exclusion areas north and south of Jeffrey City, WY as depicted in Map 104 represent an impassable gap for a pipeline intending to use the Lost Creek ROW Corridor represented in Map 108.

**Recommendation: The WPA supports the ROW corridors identified in Alternative C along with the modifications discussed herein as items 2 and 5. However, in the event ROW corridors as depicted in Alternative D are adopted in the final RMP/EIS, Map 104 should be corrected to be consistent with the Lost Creek ROW corridor on Map 108. The final RMP/EIS should reflect Lost Creek as a preferred ROW corridor and that the indicated ROW Avoidance and Exclusion Areas be adjusted as necessary.**

### **4. The Lost Creek ROW corridor through the area known as Crook’s Gap may be too congested to support additional pipelines. If the Crook’s Gap area is unable to support additional pipelines then the balance of the ROW corridors in Alternative C in the Draft RMP do not provide a path through the Lander Field Office Planning area for pipelines into or out of the Rock Springs Field Office Planning area that would subsequently connect to pipelines into or out of the Casper Field Office Planning area.**

The northern end of the Bison Basin ROW corridor portrayed in Map 107 inexplicably terminates at Highway 287. An extension of the Bison Basin ROW corridor farther north to intersect with the Lost Creek Spur ROW corridor would provide an alternative pathway through the Lander Field Office Planning Area for pipelines into or out of the Rock Springs Field Office Planning Area that connect to pipelines into or out of the Casper Field Office Planning Area.

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<sup>8</sup> “We anticipate this field to be as large, if not larger, than the Jonah field was at its peak,” said EnCana spokesman Paul Ulrich, according to the Wyoming Business Journal.” [http://trib.com/news/state-and-regional/article\\_9570e117-d63a-5b32-beee-89f73d61be36.html](http://trib.com/news/state-and-regional/article_9570e117-d63a-5b32-beee-89f73d61be36.html)Place holder Moneta field development announcement

**Recommendation: That the final RMP/EIS adopt the ROW Corridors in Alternative C with a modification to extend the Bison Basin corridor to the Lost Creek Spur corridor following Bison Basin Road as reflected in the comments provided in this proceeding by the Office of the Governor of Wyoming. The final RMP/EIS should modify as necessary the ROW avoidance and exclusion areas to reflect the extension of the Bison Basin corridor to an intersection with the Lost Creek Spur corridor.**

**5. The final RMP/EIS should provide latitude in the width of the preferred ROW corridors.**

Except in areas of special circumstance such as in Beef Gap as discussed prior, an explicit limitation on the width of right-of-way corridors could frustrate pipeline development in the event that other criteria uncovered in a future project specific environmental impact review render a particular corridor unusable for a pipeline.

**Recommendation: That the RFD be corrected to include a statement that the intended width of any particular ROW corridor is that minimum width that would be required to accommodate additional pipelines including an allowance for horizontal separation from existing pipelines as dictated by sound engineering and operating practice. Where the BLM determines that a linear facility should be moved away from an adjacent utility to avoid a resource conflict, the new linear facility will still be considered to be within the RMP corridor.**

The WPA appreciates the opportunity to submit these comments. If you have any questions or need for further clarification, please contact me at (307) 277-4513 or at [b57.jeffries@comcast.net](mailto:b57.jeffries@comcast.net).

Sincerely,



Brian Jeffries  
Executive Director  
Wyoming Pipeline Authority

Cc: Honorable Matt Mead, Governor of Wyoming  
Senator Eli Bebout, Chairman, Minerals Committee - Wyoming Senate  
Representative Thomas Lockhart, Chairman, Minerals Committee - Wyoming House of Representatives  
County Commissioners – Carbon, Hot Springs, Natrona, Sweetwater and Teton Counties, WY

# **Exhibit A**

**To the Wyoming Pipeline Authority Response to Draft  
Resource Management Plan and Environmental Impact  
Statement for the Lander Field Office Planning Area 1610(930)**

**Denbury Resources Inc. news release March 16, 2011**



## NEWS RELEASE

### Denbury Enters Into Two Industrial CO<sub>2</sub> Purchase Contracts

DALLAS, Mar 16, 2011 (BUSINESS WIRE) --

Denbury Resources Inc. (NYSE: DNR) ("Denbury") today announced that a wholly-owned subsidiary has entered into two contracts to purchase carbon dioxide ("CO<sub>2</sub>") from future anthropogenic sources in the Gulf Coast and Rocky Mountain regions. Denbury will purchase 100 percent of the CO<sub>2</sub> captured from the DKRW Advanced Fuels LLC's ("DKRW"), Medicine Bow Fuel and Power LLC ("MBFP") project in Medicine Bow, Wyoming, and Denbury will also purchase 70 percent of the CO<sub>2</sub> captured from Mississippi Power Company's Kemper County Integrated Gasification Combined Cycle ("IGCC") project in Mississippi.

MBFP, an industrial gasification and liquefaction facility, will capture CO<sub>2</sub> produced from its Medicine Bow, Wyoming coal-to-transport fuels project (estimated to be up to 200 MMcf/d) and clean, compress, and deliver the CO<sub>2</sub> to Denbury for carbon dioxide enhanced oil recovery ("CO<sub>2</sub> EOR") in Denbury's oil fields in the Rocky Mountain region and ultimately for sequestration in its CO<sub>2</sub> EOR reservoirs. First deliveries of CO<sub>2</sub> are expected in late 2014 or early 2015, pending construction of the plant, which has not yet commenced.

Mississippi Power, a wholly owned subsidiary of Southern Company (NYSE: SO), has initiated construction of a 582 MW IGCC power plant, located in Kemper County, Mississippi. Mississippi Power will capture, clean, compress and deliver an estimated 115 MMcf/d of CO<sub>2</sub> to Denbury's Heidelberg Field. First deliveries of CO<sub>2</sub> are expected in 2014.

Both CO<sub>2</sub> capture projects have been granted various forms of support through United States Department of Energy programs for the production of clean energy from coal and/or carbon capture and sequestration programs. Capturing CO<sub>2</sub> from industrial and power projects such as these are expected to supply meaningful volumes of CO<sub>2</sub> for CO<sub>2</sub> EOR projects throughout the United States. CO<sub>2</sub> EOR utilizes the CO<sub>2</sub> to produce additional quantities of domestic oil and ultimately sequesters the CO<sub>2</sub> when the CO<sub>2</sub> EOR project is completed. Denbury's cost of CO<sub>2</sub> from these two plants is priced competitively with the Company's other potential anthropogenic CO<sub>2</sub> supplies.

"The supply of CO<sub>2</sub> from DKRW's Medicine Bow facility is expected to provide a significant portion of our anticipated CO<sub>2</sub> requirements in the Rocky Mountain region, and the Mississippi Power volumes should add to our CO<sub>2</sub> supplies in the Gulf Coast region, enabling us to produce a significant amount of oil from depleted oil fields that would otherwise not be recoverable," said Denbury's CEO, Phil Rykhoek. "Increasing the recovery of oil from the nation's existing oil fields while sequestering a greenhouse gas is a win-win opportunity for the country."

Denbury Resources Inc. is a growing independent oil and natural gas company. The Company is the largest oil and natural gas producer in both Mississippi and Montana, owns the largest reserves of CO<sub>2</sub> used for tertiary oil recovery east of the Mississippi River, and holds significant operating acreage in the Rocky Mountain and Gulf Coast regions. The Company's goal is to increase the value of acquired properties through a combination of exploitation, drilling and proven engineering extraction practices, with its most significant emphasis relating to tertiary recovery operations.

This press release contains forward-looking statements that involve a number of risks and uncertainties, including projected completion times of construction of facilities by third parties, anticipated volumes of CO<sub>2</sub> to be produced from such facilities, and assumptions regarding their successful financing and construction. Such forward-looking information is based upon current plans, expectations, estimates and financial and operating assumptions that management believes are reasonable based on currently available information, but which are subject to a wide range of business risks and uncertainties, and there is no assurance that these goals and projections can or will be met. As a consequence, actual events 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.

SOURCE: Denbury Resources Inc.

Denbury Resources Inc.

Phil Rykhoek, CEO, 972-673-2000

or

Mark Allen, Sr. VP and CFO, 972-673-2000

## **Exhibit B**

**To the Wyoming Pipeline Authority Response to Draft  
Resource Management Plan and Environmental Impact  
Statement for the Lander Field Office Planning Area 1610(930)**

**Denbury Resources Inc. news release dated June 28, 2011**



## NEWS RELEASE

### Denbury Enters into Agreement to Acquire Operatorship and Remaining Working Interest in the Riley Ridge Project

PLANO, Texas, Jun 28, 2011 (BUSINESS WIRE) --

Denbury Resources Inc. (NYSE: DNR) ("Denbury" or the "Company") today announced that it has entered into an agreement to acquire the 57.5% working interest it does not already own in the Riley Ridge Federal Unit located in southwestern Wyoming, and an approximate 33% working interest in an additional +/-28,000 acres of mineral leases adjoining the Riley Ridge Unit. The total purchase price is estimated at \$191 million assuming full payout of purchase price contingencies, plus capital incurred between April 1, 2011, the effective date of the purchase, and closing. The acquisition is expected to close in late July and is subject to satisfactory completion of customary due diligence review.

#### Transaction Highlights

- The acquisition includes a 57.5% working interest in the 9,700+ acre Riley Ridge Federal Unit and an approximate 33% working interest in an additional +/- 28,000 acres of mineral leases adjoining the Riley Ridge Unit. Denbury will become the operator of both projects. The Company currently estimates that the Riley Ridge Federal Unit contains proved reserves of 250 billion cubic feet ("Bcf") of natural gas, 8.9 Bcf of helium ("He") and approximately 1.4 trillion cubic feet ("Tcf") of carbon dioxide ("CO<sub>2</sub>"), net to the interest to be acquired. The additional +/- 28,000 acres is estimated to contain additional probable reserves of 250 to 300 Bcf of natural gas, 9.5 to 11.5 Bcf of helium and 1.0 to 1.2 Tcf of CO<sub>2</sub>, net to the interest to be acquired.
- Total proved plus probable CO<sub>2</sub> reserves in the Riley Ridge Unit and adjoining acreage in which the Company has an interest is estimated at approximately 6.1 Tcf (100% working interest), of which the Company's interest is estimated at approximately 4.5 Tcf after completion of this acquisition.
- The Riley Ridge Unit and the adjoining acreage is located in the prolific LaBarge Field, from which natural gas, helium and CO<sub>2</sub> are currently being produced and sold, which is also the same reservoir from which the Riley Ridge Unit will produce.
- First production of natural gas and helium is expected to occur during the 4<sup>th</sup> quarter of 2011.
- The development costs associated with the incremental interest in the Riley Ridge Unit are expected to add approximately \$50 million to the Company's 2011 capital spending, depending upon how much capital is spent between the April 1 effective date and closing.
- Current operations include the completion of the producing wells and completion of the construction of the natural gas and helium processing facilities that will separate the natural gas and helium from the full well stream, which consists of approximately 65% CO<sub>2</sub>, 19% natural gas, 5% hydrogen sulfide ("H<sub>2</sub>S"), 0.6% He, and the remainder other gases. Initially the operational plans include the re-injection of the CO<sub>2</sub> and H<sub>2</sub>S into the producing formation until a planned CO<sub>2</sub> pipeline can be built to the field.
- This acquisition results in Denbury becoming the operator of the project and owning 100% of the working interest in the Riley Ridge Unit. In addition to owning and operating the Riley Ridge Unit, the Company is also acquiring operations and working interests in an adjoining 28,000 acres of which the Company previously only acquired CO<sub>2</sub> rights. The Company has initiated the engineering and design of the CO<sub>2</sub> capture facility for the Riley Ridge Unit, which is estimated to initially capture up to 130 MMcf/d of CO<sub>2</sub>. In addition to designing the CO<sub>2</sub> capture facility for Riley Ridge the Company expects to begin preparing the development plan for the adjoining acreage, which when fully developed is expected to add an additional 450 to 500 MMcf/d of CO<sub>2</sub> (100% working interest), or an estimated total CO<sub>2</sub> production from this asset of 580 to 630 MMcf/d (100% working interest). The development plan to achieve these rates may take up to 10 years.
- The purchase price of \$191 million consist of a \$176 million payment at closing and a \$15 million contingent payment to be paid at the time the gas processing facility is operational and meeting specific performance conditions. The existing operator is committed to maintaining and committing the existing development and construction teams to the project until such time as the specific performance conditions are met in order to provide continuity through start-up of the gas processing facility.
- Over the past 15 months, Denbury has been actively securing new sources of CO<sub>2</sub> volumes and, with its new acquisition of Riley Ridge and the adjoining acreage, currently believes it has more CO<sub>2</sub> than it needs to develop its existing CO<sub>2</sub> enhanced oil recovery assets in the Rocky Mountains. These estimated CO<sub>2</sub> volumes consist of the following:
  - Riley Ridge ultimate planned capacity - 580 to 630 MMcf/d (Own and Operate)
  - Lost Cabin - 50 MMcf/d (under contract from ConocoPhillips)
  - LaBarge - 50 MMcf/d (under contract from ExxonMobil)
  - Proposed DKRW facility - 200 MMcf/d (under contract from DKRW)
- The Company plans to fund the acquisition through borrowings on its existing bank credit facility.

Phil Rykhoek, CEO of Denbury, commented on the transaction, saying: "This acquisition combined with our contracts for CO<sub>2</sub> from third parties, provides

us with the necessary volumes of CO<sub>2</sub> to develop our current Rocky Mountain CO<sub>2</sub> EOR projects, plus additional volumes which can be used for future projects. With this acquisition, we will control this strategic asset, our 'Jackson Dome' of the Rockies. In one sense, Riley Ridge is even better than Jackson Dome as the projected methane and helium sales should pay for its development and the cost to extract and compress the CO<sub>2</sub>. We are about to begin construction on our first CO<sub>2</sub> pipeline in this area, the Greencore line from Lost Cabin to Bell Creek. We should have our first tertiary oil production from this region in the next couple of years, most likely first from the recently acquired Grieve Field joint venture, followed soon thereafter by Bell Creek. We have come a long way in the Rockies in the last fifteen months and look forward to continued success in this region."

LFO\_RMP\_10170

Denbury Resources Inc. ([www.denbury.com](http://www.denbury.com)) is a growing independent oil and natural gas company. The Company is the largest oil and natural gas operator in both Mississippi and Montana, owns the largest reserves of CO<sub>2</sub> used for tertiary oil recovery east of the Mississippi River, and holds significant operating acreage in the Rockies and Gulf Coast regions. The Company's goal is to increase the value of acquired properties through a combination of exploitation, drilling and proven engineering extraction practices, with its most significant emphasis relating to tertiary recovery operations.

This press release contains forward-looking statements that involve risks and uncertainties including estimated reserve potential for natural gas, Helium and CO<sub>2</sub> in the acquired assets and potential daily production of volumes of CO<sub>2</sub>, and other risks and uncertainties detailed in the Company's filings with the Securities and Exchange Commission, including Denbury's most recent reports on Form 10-K and Form 10-Q. These risks and uncertainties are incorporated by this reference as though fully set forth herein. These statements are based on engineering, geological, financial and operating assumptions that management believes are reasonable based on currently available information; however, management's assumptions and the Company's future performance are both subject to a wide range of business risks, and there is no assurance that these goals and projections can or will be met. Actual results may vary materially. The estimates of potential reserves in this press release, which is comprised of proved and probable reserves based on the most recent drilling and technical data available to the Company, are more speculative than estimates of proved reserves and are subject to greater uncertainties, and accordingly the likelihood of recovering these reserves is subject to substantially greater risk.

SOURCE: Denbury Resources Inc.

Denbury Resources Inc.

Phil Rykhoek, Chief Executive Officer, 972-673-2000

or

Mark Allen, Chief Financial Officer, 972-673-2000

[www.denbury.com](http://www.denbury.com)

## **Exhibit C**

**To the Wyoming Pipeline Authority Response to Draft  
Resource Management Plan and Environmental Impact  
Statement for the Lander Field Office Planning Area 1610(930)**

**Joint Presentation of the Wyoming Pipeline Authority and the  
Enhanced Oil Recovery Institute at the University of Wyoming  
to the  
Joint Minerals, Business and Economic Development  
Committee**

**Jackson, WY  
September 15, 2009**



Presentation to the Joint Minerals, Business  
and Economic Development Committee  
Jackson, WY  
September 15, 2009

# State CO<sub>2</sub> Pipeline Potential

## FROM THE EOR PERSPECTIVE

**Glen Murrell**, Database & Screening

**Brian Reyes**, GIS & Geology

**Lon Whitman**, P.E.

**Enhanced Oil Recovery Institute**

15 September 2009

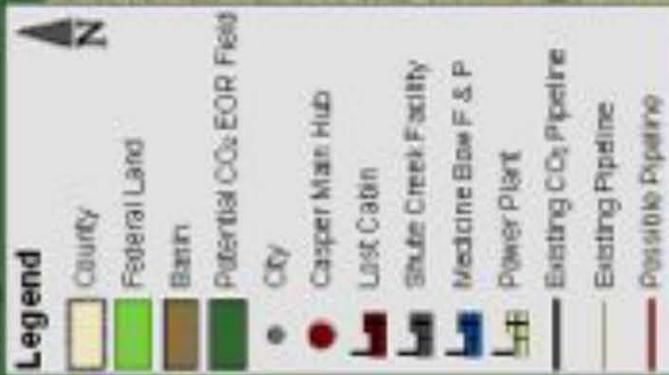
# We Should be Talking Options

- ❖ EORI and WPA have been working together for about 1 year on CO<sub>2</sub> Pipeline Infrastructure development for the State of Wyoming
- ❖ One public meeting was held in May in Casper to show the developing work between EORI and WPA
  - ❖ 80 interested parties attended the meeting
- ❖ CO<sub>2</sub> EOR could afford the State enormous revenues through royalties, severance and ad valorem taxes
- ❖ A project like Encore Acquisition Company, which includes an 8" CO<sub>2</sub> line from ConocoPhillips Lost Cabin Plant through the Powder River Basin, increases interest in developing a CO<sub>2</sub> Pipeline Infrastructure for EOR projects
- ❖ Timing is critical
- ❖ This could be a major first step in the CO<sub>2</sub> Pipeline Infrastructure for Wyoming

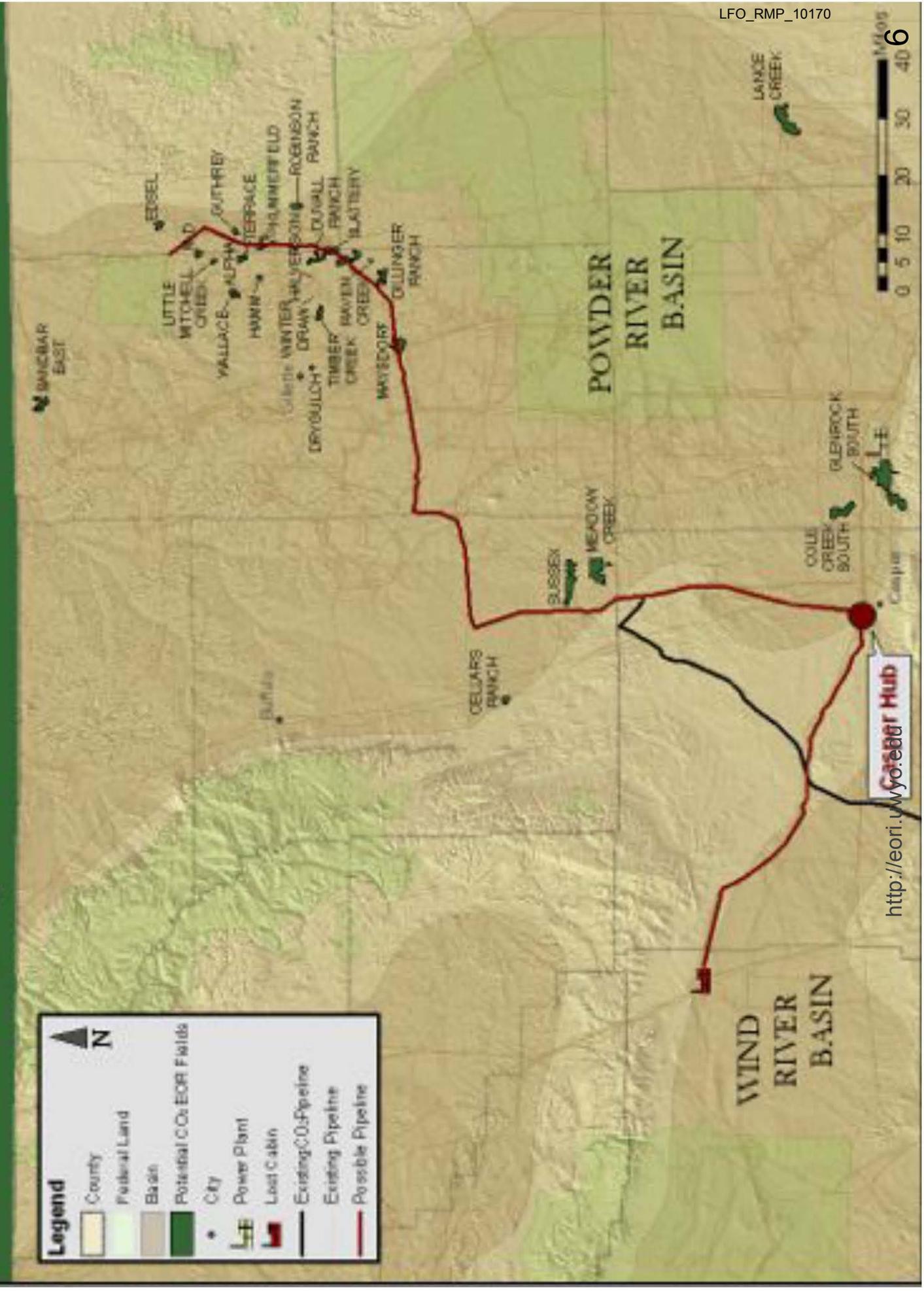
# Method

- Economic Screening.
  - Analog approach.
  - Identification of fields that are consistently economically viable under various price scenarios.
  - Aggregates for incremental recovery and project time span.
  - Determination of revenues from Severance tax (6%), ad valorem tax (6.9275%) and Royalties (State 16.66%, Fed 6.25%).

# Possible CO<sub>2</sub> Infrastructure



# Possible CO<sub>2</sub> Pipeline Infrastructure - Powder River Basin



**Legend**

- County
- Federal Land
- Basin
- Potential CO<sub>2</sub> EOR Fields
- City
- Power Plant
- Lost Cabin
- Existing CO<sub>2</sub> Pipeline
- Existing Pipeline
- Possible Pipeline

<http://eori.wyo.edu>

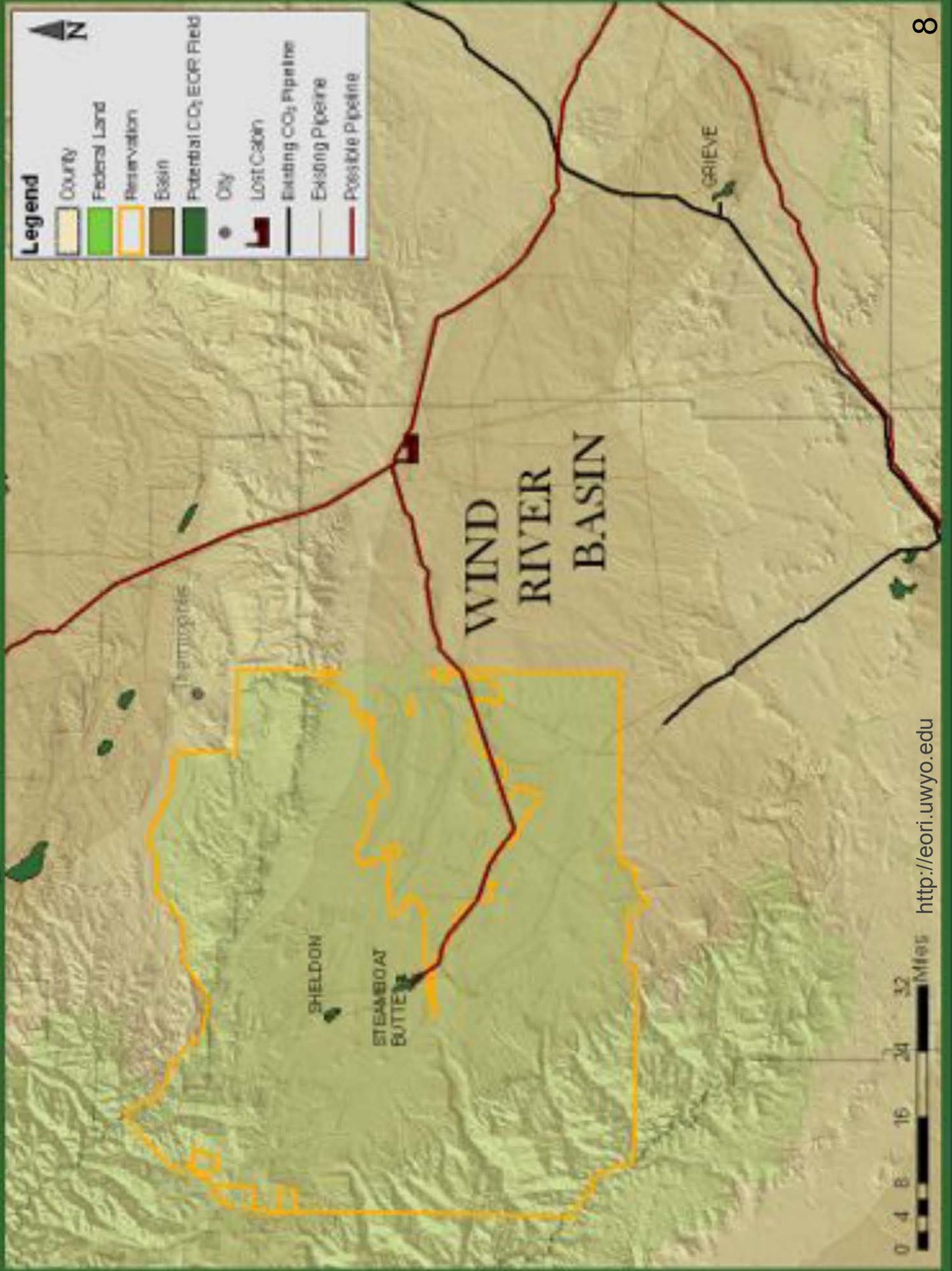
0 5 10 20 30 40 Miles

# Incremental Revenues – Powder River Basin

		Scenario	
		Oil price: \$40 CO2 price: \$1.50 ROR: 20% Min. spacing: 80 AW Analog: LSTP	Oil price: \$70 CO2 price: \$1.50 ROR: 20% Min. spacing: 80 AW Analog: LSTP
		Oil price: \$100 CO2 price: \$2.50 ROR: 20% Min. spacing: 80 AW Analog: LSTP	
Incremental Oil Production (bbls)		53,200,000	60,100,000
Average Operating Period (years)		18.6	19.1
Severance Tax	Total	\$ 128,000,000	\$ 252,000,000
	Per Year	\$ 6,900,000	\$ 13,200,000
Ad Valorem	Total	\$ 148,000,000	\$ 293,000,000
	Per Year	\$ 8,000,000	\$ 15,300,000
Royalties	Federal	Total	\$ 8,100,000
		Per Year	\$ 400,000
	State	Total	\$ 67,000,000
		Per Year	\$ 3,600,000
<b>Total Incremental Revenues</b>	<b>Total</b>	<b>\$ 351,100,000</b>	<b>\$ 693,000,000</b>
	<b>Per Year</b>	<b>\$ 18,900,000</b>	<b>\$ 36,200,000</b>
			68,700,000
			23.6
			\$ 412,000,000
			\$ 17,500,000
			\$ 479,000,000
			\$ 20,300,000
			\$ 26,200,000
			\$ 1,100,000
			\$ 215,000,000
			\$ 9,100,000
			\$ 1,132,200,000
			\$ 48,000,000

FD\_RMP\_10170

# Possible CO<sub>2</sub> Pipeline Infrastructure - Wind River Basin

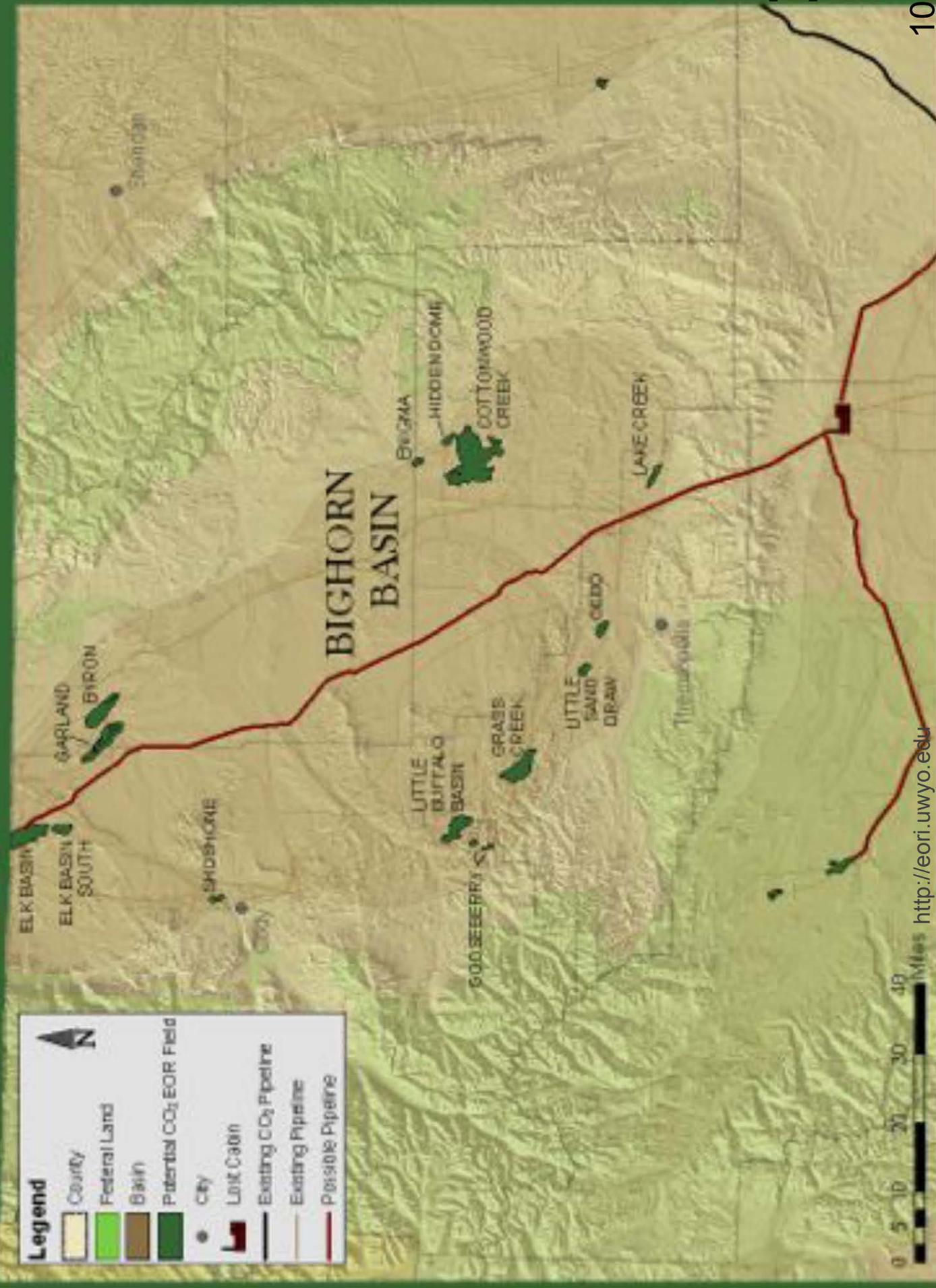


# Incremental Revenues – Wind River Basin

		Scenario			
		Oil price: \$40 CO2 price: \$1.50 ROR: 20% Min. spacing: 80 AW Analog: LSTP	Oil price: \$70 CO2 price: \$1.50 ROR: 20% Min. spacing: 80 AW Analog: LSTP	Oil price: \$100 CO2 price: \$2.50 ROR: 20% Min. spacing: 80 AW Analog: LSTP	
		30,600,000	30,600,000	30,600,000	30,600,000
		21.0	18.6	18.6	18.6
Incremental Oil Production (bbls)					
Average Operating Period (years)					
Severance Tax	Total	\$ 73,000,000	\$ 129,000,000	\$ 184,000,000	\$ 184,000,000
	Per Year	\$ 3,500,000	\$ 6,900,000	\$ 9,900,000	\$ 9,900,000
Ad Valorem	Total	\$ 85,000,000	\$ 149,000,000	\$ 213,000,000	\$ 213,000,000
	Per Year	\$ 4,000,000	\$ 8,000,000	\$ 11,500,000	\$ 11,500,000
Royalties	Total	\$ -	\$ -	\$ -	\$ -
	Per Year	\$ -	\$ -	\$ -	\$ -
	Total	\$ 38,000,000	\$ 67,000,000	\$ 96,000,000	\$ 96,000,000
	Per Year	\$ 1,800,000	\$ 3,600,000	\$ 5,200,000	\$ 5,200,000
<b>Total Incremental Revenues</b>		<b>Total</b>	<b>\$ 196,000,000</b>	<b>\$ 345,000,000</b>	<b>\$ 493,000,000</b>
		<b>Per Year</b>	<b>\$ 9,300,000</b>	<b>\$ 18,500,000</b>	<b>\$ 26,600,000</b>

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# Possible CO<sub>2</sub> Pipeline Infrastructure - Bighorn Basin

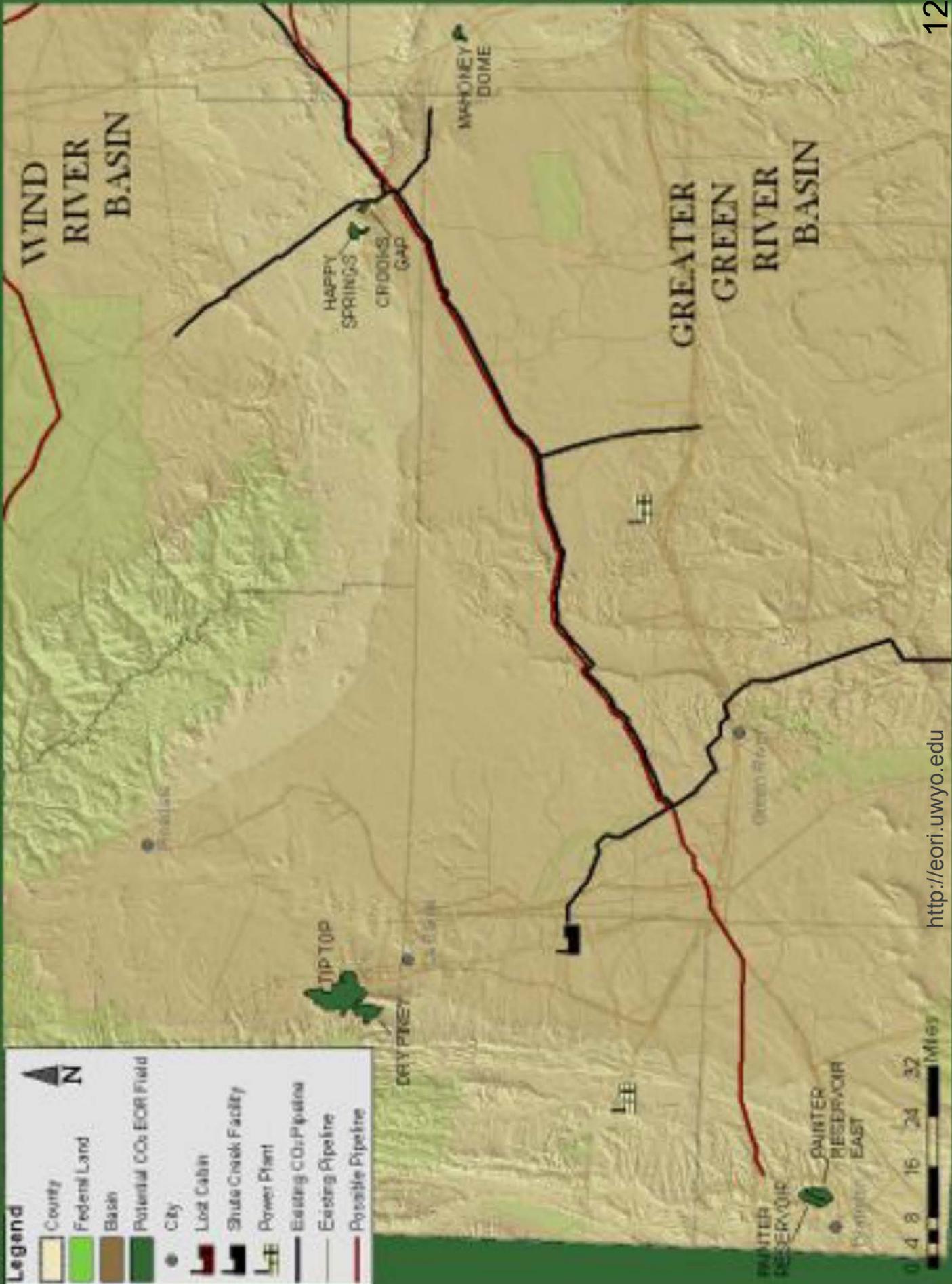


# Incremental Revenues – Big Horn Basin

		Scenario			
		Oil price: \$40	Oil price: \$70	Oil price: \$100	
		CO2 price: \$1.50	CO2 price: \$1.50	CO2 price: \$2.50	
		ROR: 20%	ROR: 20%	ROR: 20%	
		Min. spacing: 80 AW	Min. spacing: 80 AW	Min. spacing: 80 AW	
		Analog: LSTP	Analog: LSTP	Analog: LSTP	
Incremental Oil Production (bbbls)		147,700,000	163,900,000	170,800,000	
Average Operating Period (years)		17.2	18.1	19.0	
Severance Tax	Total	\$ 354,000,000	\$ 688,000,000	\$ 1,025,000,000	
	Per Year	\$ 20,600,000	\$ 38,000,000	\$ 54,100,000	
Ad Valorem	Total	\$ 412,000,000	\$ 800,000,000	\$ 1,191,000,000	
	Per Year	\$ 23,900,000	\$ 44,200,000	\$ 62,800,000	
Royalties	Federal	Total	\$ 93,100,000	\$ 180,700,000	\$ 269,000,000
		Per Year	\$ 5,400,000	\$ 10,000,000	\$ 14,200,000
	State	Total	\$ 66,000,000	\$ 128,000,000	\$ 191,000,000
		Per Year	\$ 3,800,000	\$ 7,100,000	\$ 10,100,000
Total Incremental Revenues	Total	\$ 925,100,000	\$ 1,796,700,000	\$ 2,676,000,000	
	Per Year	\$ 53,700,000	\$ 99,300,000	\$ 141,200,000	

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# Possible CO<sub>2</sub> Pipeline Infrastructure - Green River Basin



# Incremental Revenues – Green River Basin

		Scenario	
		Oil price: \$40 CO2 price: \$1.50 ROR: 20% Min. spacing: 80 AW Analog: LSTP	Oil price: \$70 CO2 price: \$1.50 ROR: 20% Min. spacing: 80 AW Analog: LSTP
		14,700,000	32,100,000
		19.8	20.4
Incremental Oil Production (bbbls)			32,100,000
Average Operating Period (years)			20.4
Severance Tax	Total	\$ 35,000,000	\$ 135,000,000
	Per Year	\$ 1,800,000	\$ 6,600,000
Ad Valorem	Total	\$ 41,000,000	\$ 157,000,000
	Per Year	\$ 2,100,000	\$ 7,700,000
Royalties	Total	\$ 9,500,000	\$ 36,200,000
	Per Year	\$ 500,000	\$ 1,800,000
	Total	\$ 7,000,000	\$ 25,000,000
	Per Year	\$ 400,000	\$ 1,200,000
Total Incremental Revenues	Total	\$ 92,500,000	\$ 353,200,000
	Per Year	\$ 4,800,000	\$ 17,300,000
			32,100,000
			20.4
		\$ 193,000,000	\$ 9,400,000
		\$ 224,000,000	\$ 11,000,000
		\$ 51,800,000	\$ 2,500,000
		\$ 36,000,000	\$ 1,800,000
		\$ 1,800,000	\$ 7,700,000
		\$ 504,800,000	\$ 24,700,000

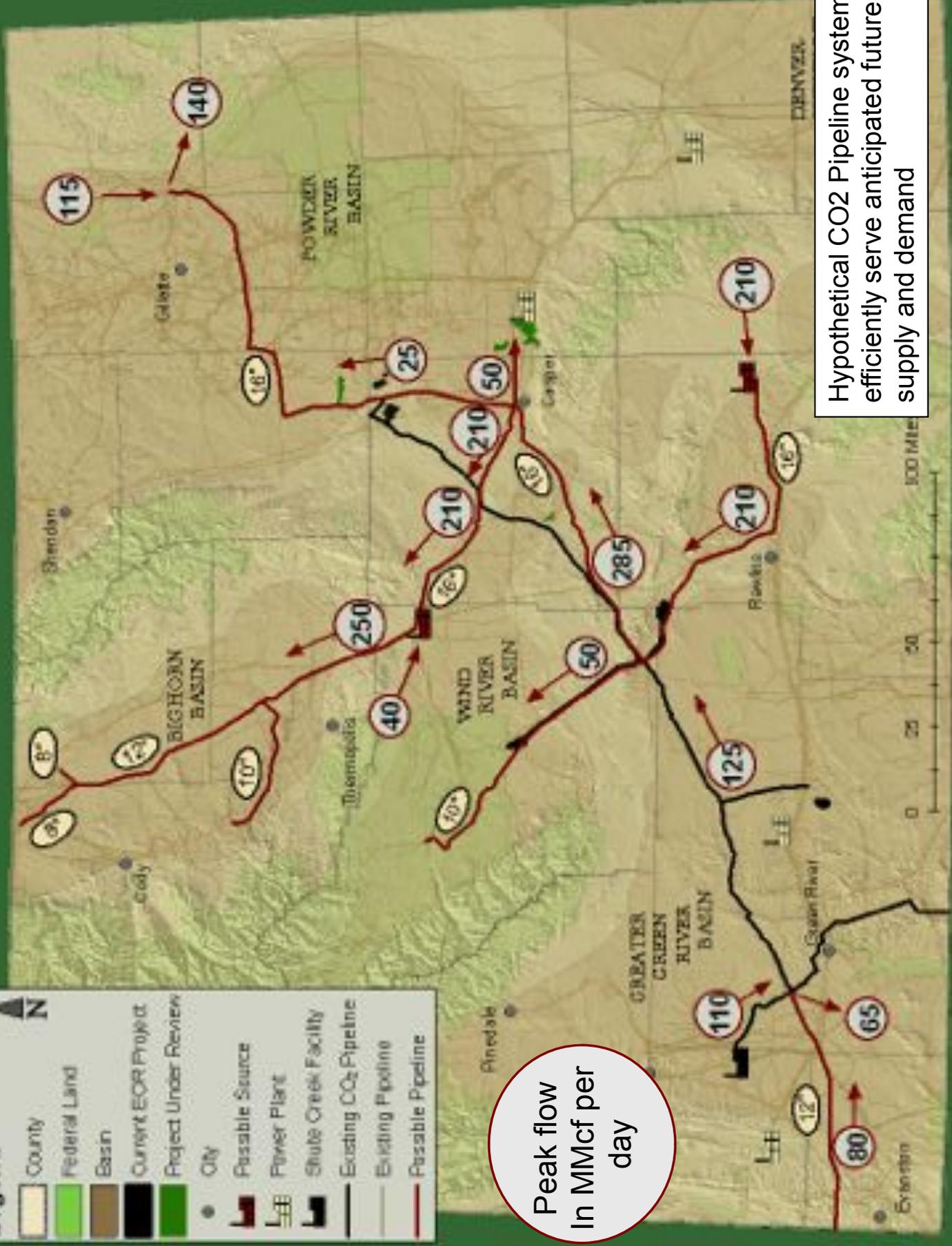
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# Incremental Revenues – Summary

		Scenario			
		Oil price: \$40	Oil price: \$70	Oil price: \$100	
		CO <sub>2</sub> price: \$1.50	CO <sub>2</sub> price: \$1.50	CO <sub>2</sub> price: \$2.50	
		ROR: 20%	ROR: 20%	ROR: 20%	
		Min. spacing: 80 AW	Min. spacing: 80 AW	Min. spacing: 80 AW	
		Analog: LSTP	Analog: LSTP	Analog: LSTP	
Incremental Oil Recovery	PRB	\$ 53,200,000	\$ 60,100,000	\$ 68,700,000	
	WRB	\$ 30,600,000	\$ 30,600,000	\$ 30,600,000	
	BHB	\$ 147,700,000	\$ 163,900,000	\$ 170,800,000	
	GGR	\$ 14,700,000	\$ 32,100,000	\$ 32,100,000	
Average Operating Period (years)	PRB	18.6	19.1	23.6	
	WRB	21.0	18.6	18.6	
	BHB	17.2	18.1	19.0	
	GGR	19.8	20.4	20.4	
Severance Tax	PRB	\$ 128,000,000	\$ 252,000,000	\$ 412,000,000	
	WRB	\$ 73,000,000	\$ 129,000,000	\$ 184,000,000	
	BHB	\$ 354,000,000	\$ 688,000,000	\$ 1,025,000,000	
	GGR	\$ 35,000,000	\$ 135,000,000	\$ 193,000,000	
Ad Valorem	PRB	\$ 148,000,000	\$ 293,000,000	\$ 479,000,000	
	WRB	\$ 85,000,000	\$ 149,000,000	\$ 213,000,000	
	BHB	\$ 412,000,000	\$ 800,000,000	\$ 1,191,000,000	
	GGR	\$ 41,000,000	\$ 157,000,000	\$ 224,000,000	
Royalties	PRB	\$ 75,100,000	\$ 148,000,000	\$ 241,200,000	
	WRB	\$ 38,000,000	\$ 67,000,000	\$ 96,000,000	
	BHB	\$ 159,100,000	\$ 308,700,000	\$ 460,000,000	
	GGR	\$ 16,500,000	\$ 61,200,000	\$ 87,800,000	
Totals by Basin	PRB	\$ 351,100,000	\$ 693,000,000	\$ 1,132,200,000	
	WRB	\$ 196,000,000	\$ 345,000,000	\$ 493,000,000	
	BHB	\$ 925,100,000	\$ 1,796,700,000	\$ 2,676,000,000	
	GGR	\$ 92,500,000	\$ 353,200,000	\$ 504,800,000	
<b>Totals</b>		<b>\$ 1,564,700,000</b>	<b>\$ 3,187,900,000</b>	<b>\$ 4,806,000,000</b>	



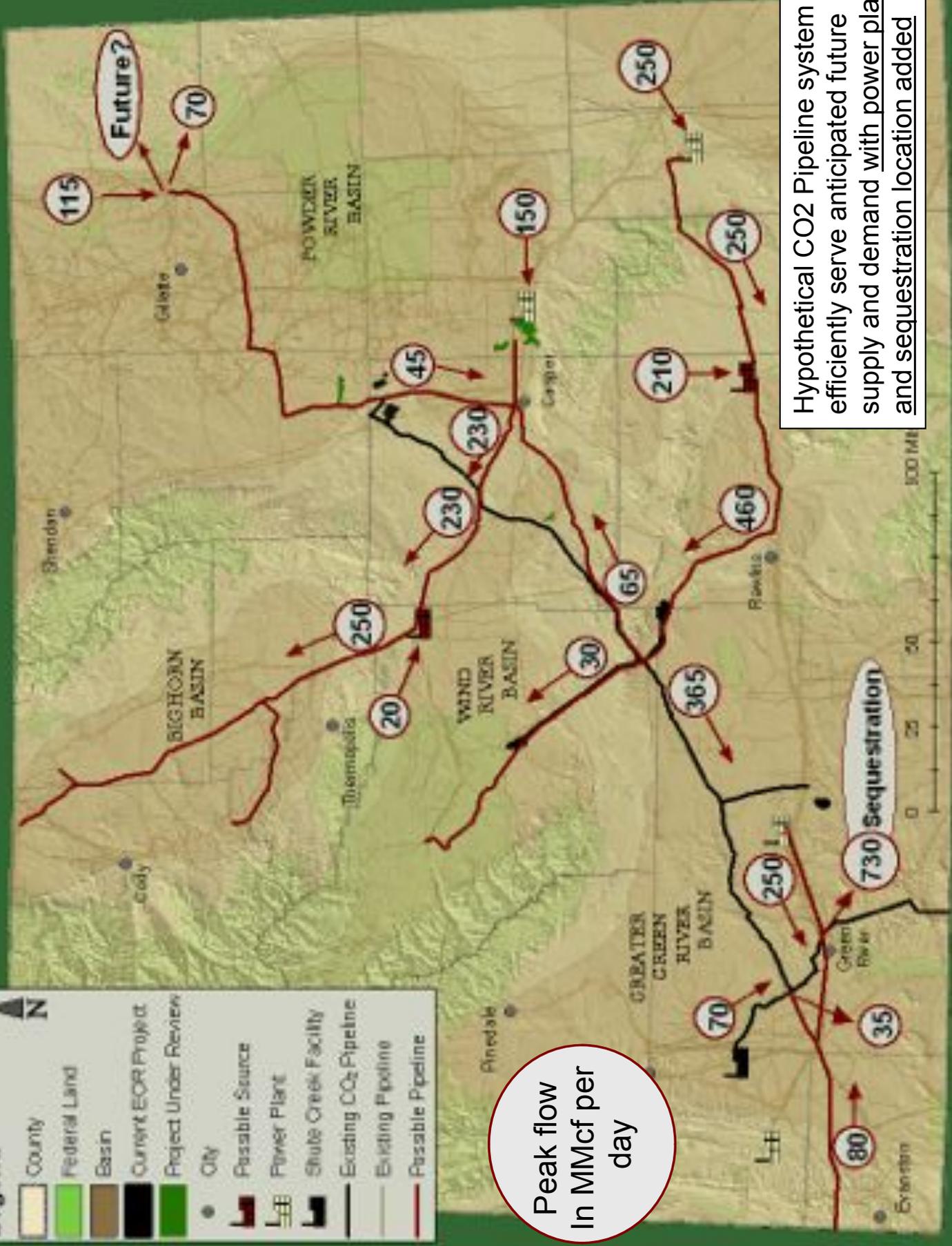
Peak flow  
In MMcf per  
day



Hypothetical CO2 Pipeline system to efficiently serve anticipated future supply and demand

**Legend**

- County
- Federal Land
- Basin
- Current EOR Project
- Project Under Review
- City
- Possible Source
- Power Plant
- Shute Creek Facility
- Existing CO<sub>2</sub> Pipeline
- Existing Pipeline
- Possible Pipeline



Peak flow  
In MMcf per  
day

Hypothetical CO<sub>2</sub> Pipeline system to efficiently serve anticipated future supply and demand with power plants and sequestration location added

Rate assumptions: pipeline runs full, 10% cost of capital, compression supplied by sellers, levelized rates for life of project

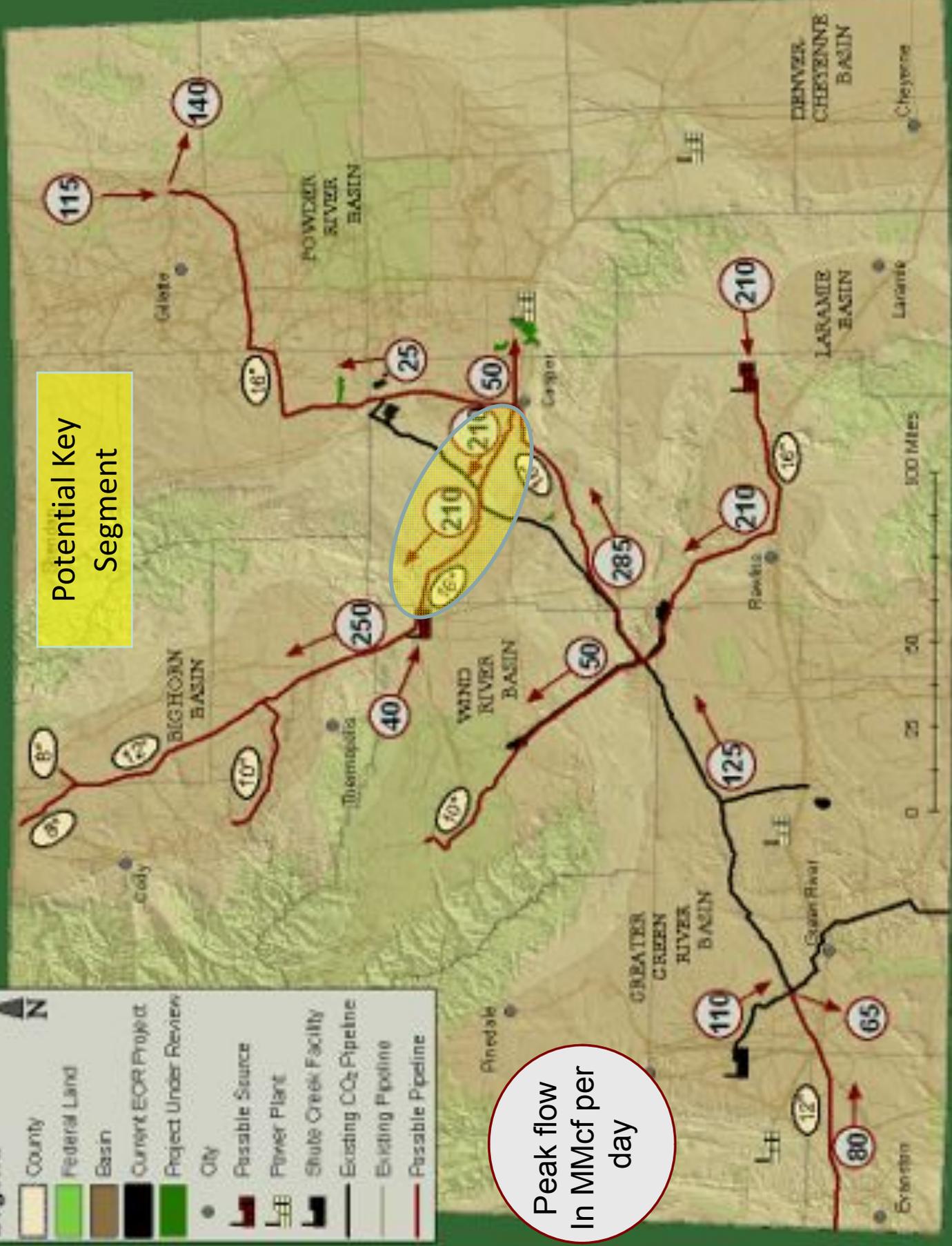
- Rate without power plant volumes – roughly \$0.90 per Mcf or \$15.00 per ton
- Rate with power plant volumes – roughly \$0.55 per Mcf or \$9.50 per ton
- Lots of assumptions in these rates
- Practical problems include risk for party who “overbuilds” in anticipation of future needs
- Some segments are key to future flexibility

Potential Key Segment

**Legend**

- County
- Federal Land
- Basin
- Current EOR Project
- Project Under Review
- City
- Possible Source
- Power Plant
- Shute Creek Facility
- Existing CO<sub>2</sub> Pipeline
- Existing Pipeline
- Possible Pipeline

Peak flow  
In MMcf per  
day

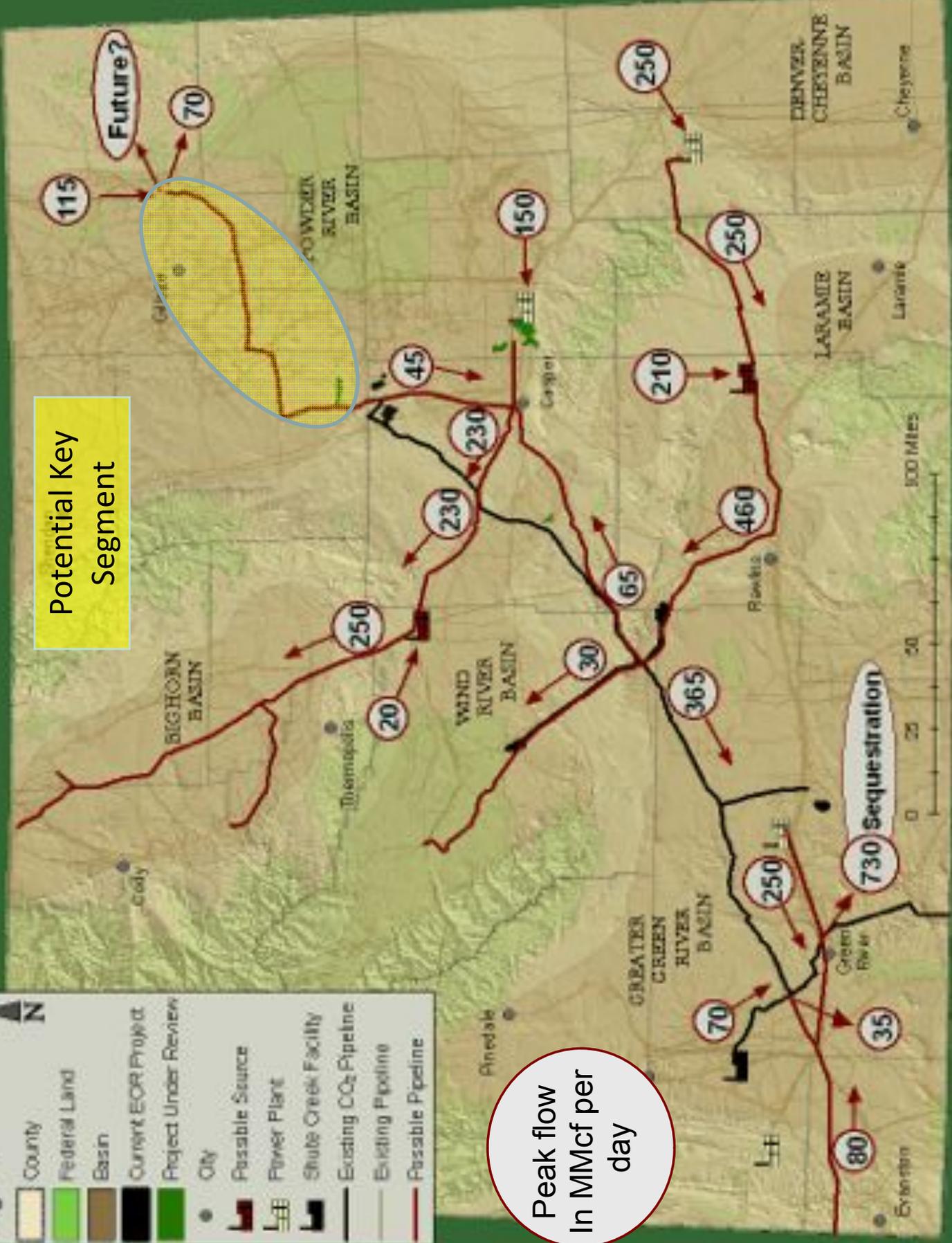






Potential Key Segment

Peak flow In MMcf per day





Potential Key Segment

Peak flow In MMcf per day

