

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, 2018*

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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.

**Class**

**Outstanding as of April 30, 2018**

Common Stock, \$.001 par value

440,634,347

**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, 2018	December 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 85	\$ 58
Accrued production receivable	157,845	146,334
Trade and other receivables, net	43,553	45,193
Derivative assets	1,859	—
Other current assets	11,512	10,670
Total current assets	214,854	202,255
<b>Property and equipment</b>		
Oil and natural gas properties (using full cost accounting)		
Proved properties	10,824,027	10,775,792
Unevaluated properties	960,039	951,397
CO <sub>2</sub> properties	1,191,107	1,191,058
Pipelines and plants	2,286,346	2,286,047
Other property and equipment	334,808	339,218
Less accumulated depletion, depreciation, amortization and impairment	(11,424,173)	(11,376,646)
Net property and equipment	4,172,154	4,166,866
Other assets	99,774	102,178
<b>Total assets</b>	<b>\$ 4,486,782</b>	<b>\$ 4,471,299</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 149,676	\$ 177,220
Oil and gas production payable	75,915	76,588
Derivative liabilities	114,512	99,061
Current maturities of long-term debt (including future interest payable of \$100,083 and \$75,347, respectively – see Note 4)	129,667	105,188
Total current liabilities	469,770	458,057
<b>Long-term liabilities</b>		
Long-term debt, net of current portion (including future interest payable of \$256,140 and \$241,472, respectively – see Note 4)	2,923,378	2,979,086
Asset retirement obligations	167,763	165,756
Derivative liabilities	1,876	—
Deferred tax liabilities, net	213,151	198,099
Other liabilities	20,626	22,136
Total long-term liabilities	3,326,794	3,365,077
<b>Commitments and contingencies (Note 7)</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; 402,927,941 and 402,549,346 shares issued, respectively	403	403
Paid-in capital in excess of par	2,511,131	2,507,828
Accumulated deficit	(1,816,232)	(1,855,810)
Treasury stock, at cost, 787,867 and 457,041 shares, respectively	(5,084)	(4,256)
Total stockholders' equity	690,218	648,165
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,486,782</b>	<b>\$ 4,471,299</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)

	Three Months Ended March 31,	
	2018	2017
<b>Revenues and other income</b>		
Oil, natural gas, and related product sales	\$ 340,021	\$ 266,178
CO <sub>2</sub> sales and transportation fees	7,552	5,388
Interest income and other income	5,661	3,888
Total revenues and other income	353,234	275,454
<b>Expenses</b>		
Lease operating expenses	118,356	113,840
Marketing and plant operating expenses	12,424	14,065
CO <sub>2</sub> discovery and operating expenses	462	593
Taxes other than income	27,319	22,440
General and administrative expenses	20,232	28,241
Interest, net of amounts capitalized of \$8,452 and \$4,654, respectively	17,239	27,178
Depletion, depreciation, and amortization	52,451	51,195
Commodity derivatives expense (income)	48,825	(24,602)
Other expenses	2,328	—
Total expenses	299,636	232,950
<b>Income before income taxes</b>	53,598	42,504
Income tax provision	14,020	20,974
<b>Net income</b>	<u>\$ 39,578</u>	<u>\$ 21,530</u>
<b>Net income per common share</b>		
Basic	\$ 0.10	\$ 0.06
Diluted	\$ 0.09	\$ 0.05
<b>Weighted average common shares outstanding</b>		
Basic	392,742	389,397
Diluted	451,543	392,997

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)

	Three Months Ended March 31,	
	2018	2017
<b>Cash flows from operating activities</b>		
Net income	\$ 39,578	\$ 21,530
Adjustments to reconcile net income to cash flows from operating activities		
Depletion, depreciation, and amortization	52,451	51,195
Deferred income taxes	15,052	34,909
Stock-based compensation	2,592	4,106
Commodity derivatives expense (income)	48,825	(24,602)
Payment on settlements of commodity derivatives	(33,357)	(26,940)
Debt issuance costs and discounts	1,137	1,901
Other, net	(838)	(344)
Changes in assets and liabilities, net of effects from acquisitions		
Accrued production receivable	(11,510)	6,453
Trade and other receivables	348	(12,185)
Other current and long-term assets	(1,886)	643
Accounts payable and accrued liabilities	(19,817)	(23,890)
Oil and natural gas production payable	(673)	(7,335)
Other liabilities	(275)	(1,179)
<b>Net cash provided by operating activities</b>	<b>91,627</b>	<b>24,262</b>
<b>Cash flows from investing activities</b>		
Oil and natural gas capital expenditures	(56,669)	(52,152)
Acquisitions of oil and natural gas properties	(35)	(16,222)
Pipelines and plants capital expenditures	(156)	(246)
Net proceeds from sales of oil and natural gas properties and equipment	1,522	415
Other	4,542	792
<b>Net cash used in investing activities</b>	<b>(50,796)</b>	<b>(67,413)</b>
<b>Cash flows from financing activities</b>		
Bank repayments	(571,653)	(343,000)
Bank borrowings	546,653	397,000
Pipeline financing and capital lease debt repayments	(6,287)	(7,055)
Other	(9,291)	(3,469)
<b>Net cash provided by (used in) financing activities</b>	<b>(40,578)</b>	<b>43,476</b>
<b>Net increase in cash, cash equivalents, and restricted cash</b>	<b>253</b>	<b>325</b>
Cash, cash equivalents, and restricted cash at beginning of period	40,614	40,905
<b>Cash, cash equivalents, and restricted cash at end of period</b>	<b>\$ 40,867</b>	<b>\$ 41,230</b>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

**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, 2017 (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, 2018, our consolidated results of operations for the three months ended March 31, 2018 and 2017, and our consolidated cash flows for the three months ended March 31, 2018 and 2017.

**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.

**Cash, Cash Equivalents, and Restricted Cash**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash as reported within the Unaudited Condensed Consolidated Balance Sheets to “Cash, cash equivalents, and restricted cash at end of period” as reported within the Unaudited Condensed Consolidated Statements of Cash Flows:

<i>In thousands</i>	Three Months Ended March 31,	
	2018	2017
Cash and cash equivalents	\$ 85	\$ 1,747
Restricted cash included in Other assets	40,782	39,483
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 40,867</u>	<u>\$ 41,230</u>

Amounts included in restricted cash included in “Other assets” in the accompanying Unaudited Condensed Consolidated Balance Sheets represent escrow accounts that are legally restricted for certain of our asset retirement obligations.

**Net Income per Common Share**

Basic net income per common share is computed by dividing the net income attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted net income per common share is calculated in the same manner, but includes the impact of potentially dilutive securities. Potentially dilutive securities consist of nonvested restricted stock, nonvested performance-based equity awards, and shares into which our convertible senior notes are convertible.

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

The following table sets forth the reconciliations of net income and weighted average shares used for purposes of calculating the basic and diluted net income per common share for the periods indicated:

<i>In thousands</i>	Three Months Ended March 31,	
	2018	2017
<b>Numerator</b>		
Net income – basic	\$ 39,578	\$ 21,530
Effect of potentially dilutive securities		
Interest on convertible senior notes	501	—
Net income – diluted	<u>\$ 40,079</u>	<u>\$ 21,530</u>
<b>Denominator</b>		
Weighted average common shares outstanding – basic	392,742	389,397
Effect of potentially dilutive securities		
Restricted stock and performance-based equity awards	5,169	3,600
Convertible senior notes	53,632	—
Weighted average common shares outstanding – diluted	<u>451,543</u>	<u>392,997</u>

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 time-vesting restricted stock is issued and outstanding upon grant). For purposes of calculating diluted weighted average common shares during the three months ended March 31, 2018 and 2017, the nonvested restricted stock 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, and for the shares underlying the convertible senior notes as if the convertible senior notes were converted at the beginning of the 2018 period. In April 2018, our 3½% Convertible Senior Notes due 2024 (the “2024 Convertible Senior Notes”) converted into shares of Denbury common stock, resulting in the issuance of 38.5 million shares of our common stock upon conversion. These shares will be included in basic weighted average common shares outstanding beginning the date of conversion. See Note 4, *Long-Term Debt*, for further discussion.

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

<i>In thousands</i>	Three Months Ended March 31,	
	2018	2017
Stock appreciation rights	2,954	5,044
Restricted stock and performance-based equity awards	431	1,229

**Recent Accounting Pronouncements***Recently Adopted*

**Cash Flows.** In November 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-18, *Statement of Cash Flows* (“ASU 2016-18”). ASU 2016-18 addresses the diversity that exists in the classification and presentation of changes in restricted cash on the statement of cash flows, and requires that a statement of cash flows explain the change in total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. Effective January 1, 2018, we adopted ASU 2016-18, which has been applied retrospectively for all comparative periods presented. Accordingly, restricted cash associated with our escrow accounts of \$40.6 million and \$39.3 million for the three-month periods ended March 31, 2018 and 2017, respectively, have been included in “Cash, cash equivalents, and restricted cash at beginning of period” on our Unaudited Condensed Consolidated Statements of Cash Flows and \$39.5 million included in “Cash, cash equivalents, and restricted cash at end of period” for the three-month period ended March 31, 2017. The adoption of ASU 2016-18 did not have an impact on our consolidated balance sheets or results of operations.

**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. In March, April and May 2016, the FASB issued four additional ASUs which primarily clarified the implementation guidance on principal versus agent considerations, performance obligations and licensing, collectibility, presentation of sales taxes and other similar taxes collected from customers, and non-cash consideration. Effective January 1, 2018, we adopted ASU 2014-09 using the modified retrospective method. The adoption of ASU 2014-09 did not have an impact on our consolidated financial statements, but required enhanced footnote disclosures. See Note 2, *Revenue Recognition*, for additional information.

*Not Yet Adopted*

**Leases.** In February 2016, the FASB issued ASU 2016-02, *Leases* (“ASU 2016-02”). ASU 2016-02 amends the guidance for lease accounting to require lease assets and liabilities to be recognized on the balance sheet, along with additional disclosures regarding key leasing arrangements. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, and early adoption is permitted. Entities must adopt the standard using a modified retrospective transition and apply the guidance to the earliest comparative period presented, with certain practical expedients that entities may elect to apply. In January 2018, the FASB issued ASU 2018-01, *Leases (Topic 842) – Land Easement Practical Expedient for Transition to Topic 842*, which provides an optional practical expedient to existing or expired land easements that were not previously accounted for as leases under Topic 842, which permits a company to evaluate only new or modified land easements under the new guidance. Management is currently assessing the impact the adoption of ASU 2016-02 and ASU 2018-01 will have on our consolidated financial statements.

**Note 2. Revenue Recognition**

The Company records revenue in accordance with FASB Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, which the Company adopted on January 1, 2018, and applied to all existing contracts using the modified retrospective method. The core principle of FASB ASC Topic 606 is that an entity should recognize revenue for the transfer of goods or services equal to the amount of consideration that it expects to be entitled to receive for those goods or services. This principle is achieved through applying a five-step process for customer contract revenue recognition:

- Identify the contract or contracts with a customer – We derive the majority of our revenues from oil and natural gas sales contracts and CO<sub>2</sub> sales and transportation contracts. The contracts specify each party’s rights regarding the goods or services to be transferred and contain commercial substance as they impact the Company’s financial statements. A high percentage of the Company’s receivables balance is current, and we have not historically entered into contracts with counterparties that pose a credit risk without requiring adequate economic protection to ensure collection.



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

- Identify the performance obligations in the contract – Each of our revenue contracts specify a volume per day, or production from a lease designated in the contract (a distinct good), to be delivered at the delivery point over the term of the contract (the identified performance obligation). The customer takes delivery and physical possession of the product at the delivery point, which generally is also the point at which title transfers and the customer obtains the risks and rewards of ownership (the identified performance obligation is satisfied).
- Determine the transaction price – Typically, our oil and natural gas contracts define the price as a formula price based on the average market price, as specified on set dates each month, for the specific commodity during the month of delivery. Certain of Denbury's CO<sub>2</sub> contracts define the price as a fixed contractual price adjusted to an inflation index to reflect market pricing. Given the industry practice to invoice customers the month following the month of delivery and our high probability of collection of payment, no significant financing component is included in our contracts.
- Allocate the transaction price to the performance obligations in the contract – The majority of our revenue contracts are short-term, with terms of one year or less, to which we have applied the practical expedient permitted under the standard eliminating the requirement to disclose the transaction price allocated to remaining performance obligations. In limited instances, we have revenue contracts with terms greater than one year; however, the future delivery volumes are wholly unsatisfied as they represent separate performance obligations with variable consideration. We utilized the practical expedient which eliminates the requirement to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to wholly unsatisfied performance obligations. As there is only one performance obligation associated with our contracts, no allocation of the transaction price is necessary.
- Recognize revenue when, or as, we satisfy a performance obligation – Once we have delivered the volume of commodity to the delivery point and the customer takes delivery and possession, we are entitled to payment and we invoice the customer for such delivered production. Payment under most oil and CO<sub>2</sub> contracts is made within a month following product delivery and for natural gas and NGL contracts is generally made within two months following delivery. Timing of revenue recognition may differ from the timing of invoicing to customers; however, as the right to consideration after delivery is unconditional based on only the passage of time before payment of the consideration is due, upon delivery we record a receivable in "Accrued production receivable" in our Unaudited Condensed Consolidated Balance Sheets, which was \$157.8 million and \$146.3 million as of March 31, 2018 and December 31, 2017, respectively.

### Disaggregation of Revenue

The following table summarizes our revenues by product type for the three months ended March 31, 2018 and 2017:

<i>In thousands</i>	Three Months Ended March 31,	
	2018	2017
Oil sales	\$ 337,406	\$ 263,974
Natural gas sales	2,615	2,204
CO <sub>2</sub> sales and transportation fees	7,552	5,388
Total revenues	<u>\$ 347,573</u>	<u>\$ 271,566</u>

### Note 3. Assets Held for Sale

We began actively marketing for sale certain non-productive surface acreage in the Houston area during July 2017. As of March 31, 2018, the carrying value of the land held for sale was \$33.1 million, which is included in "Other property and equipment" on our Unaudited Condensed Consolidated Balance Sheets.

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

#### Note 4. Long-Term Debt

The table below reflects long-term debt and capital lease obligations outstanding as of the dates indicated. In April 2018, all \$84.7 million of our outstanding 3½% Convertible Senior Notes due 2024 was extinguished as a result of conversion into common stock (see *April 2018 Conversion of 2024 Convertible Senior Notes* below):

<i>In thousands</i>	March 31, 2018	December 31, 2017
Senior Secured Bank Credit Agreement	\$ 450,000	\$ 475,000
9% Senior Secured Second Lien Notes due 2021	614,919	614,919
9¼% Senior Secured Second Lien Notes due 2022	455,668	381,568
5% Convertible Senior Notes due 2023	59,439	—
3½% Convertible Senior Notes due 2024	84,650	84,650
6⅜% Senior Subordinated Notes due 2021	203,545	215,144
5½% Senior Subordinated Notes due 2022	314,662	408,882
4⅝% Senior Subordinated Notes due 2023	307,978	376,501
Pipeline financings	189,547	192,429
Capital lease obligations	22,585	26,298
Total debt principal balance	2,702,993	2,775,391
Future interest payable <sup>(1)</sup>	356,223	316,818
Debt issuance costs	(6,171)	(7,935)
Total debt, net of debt issuance costs	3,053,045	3,084,274
Less: current maturities of long-term debt <sup>(1)</sup>	(129,667)	(105,188)
Long-term debt and capital lease obligations	<u>\$ 2,923,378</u>	<u>\$ 2,979,086</u>

(1) Future interest payable represents most of the interest due over the terms of our 9% Senior Secured Second Lien Notes due 2021, 9¼% Senior Secured Second Lien Notes due 2022 (the “2022 Senior Secured Notes”), 5% Convertible Senior Notes due 2023 (the “2023 Convertible Senior Notes”), and 2024 Convertible Senior Notes and has been accounted for as debt in accordance with FASC 470-60, *Troubled Debt Restructuring by Debtors*. Our current maturities of long-term debt as of March 31, 2018 include \$100.1 million of future interest payable related to these notes that is due within the next twelve months. See *January 2018 Note Exchanges* below for further discussion.

The ultimate parent company in our corporate structure, Denbury Resources Inc. (“DRI”), is the sole issuer of all of our outstanding senior secured, convertible senior, and 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 such notes are minor subsidiaries.

#### Senior Secured 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 (as amended, the “Bank Credit Agreement”). The Bank Credit Agreement is a senior secured revolving credit facility with a maturity date of December 9, 2019 and semiannual borrowing base redeterminations in May and November of each year. As part of our spring 2018 semiannual borrowing base redetermination, the borrowing base and lender commitments for our Bank Credit Agreement were reaffirmed at \$1.05 billion, with the next such redetermination being scheduled for November 2018. If our outstanding debt under the Bank Credit Agreement were to ever exceed the borrowing base, we would be required to repay the excess amount over a period not to exceed six months. The weighted average interest rate on borrowings outstanding under the Bank Credit Agreement was 4.5% as of March 31, 2018. We incur a commitment fee of 0.50% on the undrawn portion of the aggregate lender commitments under the Bank Credit Agreement.

The Bank Credit Agreement contains certain financial performance covenants through the maturity of the facility, including the following:

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

- A consolidated senior secured debt to consolidated EBITDAX covenant, with such ratio not to exceed 3.0 to 1.0 through the first quarter of 2018, and thereafter not to exceed 2.5 to 1.0. Currently, only debt under our Bank Credit Agreement is considered consolidated senior secured debt for purposes of this ratio;
- A minimum permitted ratio of consolidated EBITDAX to consolidated interest charges of 1.25 to 1.0; and
- A requirement to maintain a current ratio of 1.0 to 1.0.

The above description of our Bank Credit Agreement is qualified by the express language and defined terms contained in the Bank Credit Agreement and the amendments thereto, each of which are filed as exhibits to our periodic reports filed with the SEC.

#### **January 2018 Note Exchanges**

During January 2018, we closed transactions to exchange a total of \$174.3 million aggregate principal amount of our then existing senior subordinated notes for \$74.1 million aggregate principal amount of new 2022 Senior Secured Notes and \$59.4 million aggregate principal amount of new 2023 Convertible Senior Notes, resulting in a net reduction in our debt principal from these exchanges of \$40.8 million. The exchanged notes consisted of \$11.6 million aggregate principal amount of our 6¾% Senior Subordinated Notes due 2021 (the “2021 Notes”), \$94.2 million aggregate principal amount of our 5½% Senior Subordinated Notes due 2022 (the “2022 Notes”) and \$68.5 million aggregate principal amount of our 4½% Senior Subordinated Notes due 2023 (the “2023 Notes”).

In accordance with FASC 470-60, the exchange was accounted for as a troubled debt restructuring due to the level of concession provided by our senior subordinated note holders. Under this guidance, future interest applicable to the new 2022 Senior Secured Notes and 2023 Convertible Senior Notes is recorded as debt up to the point that the principal and future interest of the new notes is equal to the principal amount of the extinguished notes, rather than recognizing a gain on extinguishment for this amount. As of March 31, 2018, \$37.6 million of future interest on the new 2022 Senior Secured Notes and 2023 Convertible Senior Notes was recorded as debt, which will be reduced as semiannual interest payments are made, with the remaining \$6.8 million of future interest to be recognized as interest expense over the term of these notes. Therefore, future interest expense reflected in our Unaudited Condensed Consolidated Statements of Operations on the new 2022 Senior Secured Notes and 2023 Convertible Senior Notes will be significantly lower than the actual cash interest payments.

#### **9¼% Senior Secured Second Lien Notes due 2022**

In January 2018, we issued \$74.1 million of principal amount of 2022 Senior Secured Notes, which principal amount is in addition to the \$381.6 million of 2022 Senior Secured Notes issued during December 2017. The 2022 Senior Secured Notes, which bear interest at a rate of 9.25% per annum, were issued at par in connection with exchanges with a limited number of holders of existing senior subordinated notes in December 2017 and January 2018 (see *January 2018 Note Exchanges* above). The 2022 Senior Secured Notes mature on March 31, 2022, and interest is payable semiannually in arrears on March 31 and September 30 of each year. We may redeem the 2022 Senior Secured Notes in whole or in part at our option beginning March 31, 2019, at a redemption price of 109.25% of the principal amount, and at declining redemption prices thereafter, as specified in the indenture governing the 2022 Senior Secured Notes. Prior to March 31, 2019, we may at our option redeem up to an aggregate of 35% of the principal amount of the 2022 Senior Secured Notes at a price of 109.25% of par with the proceeds of certain equity offerings. In addition, at any time prior to March 31, 2019, we may redeem the 2022 Senior Secured Notes in whole or in part at a price equal to 100% of the principal amount plus a “make-whole” premium and accrued and unpaid interest. The 2022 Senior Secured Notes are not subject to any sinking fund requirements.

The 2022 Senior Secured Notes are guaranteed jointly and severally by our subsidiaries representing substantially all of our assets, operations and income and are secured by second-priority liens on substantially all of the assets that secure the Bank Credit Agreement, which second-priority liens are contractually subordinated to liens that secure our Bank Credit Agreement and any future additional priority lien debt.

#### **5% Convertible Senior Notes due 2023**

In January 2018, we issued \$59.4 million of 2023 Convertible Senior Notes. The 2023 Convertible Senior Notes, which bear interest at a rate of 5% per annum, were issued at par in exchange offers with a limited number of holders of existing senior subordinated notes (see *January 2018 Note Exchanges* above). The 2023 Convertible Senior Notes mature on December 15, 2023,

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

and interest is payable semiannually in arrears on June 15 and December 15 of each year, beginning in June 2018. We do not have the right to redeem the 2023 Convertible Senior Notes prior to their maturity. The 2023 Convertible Senior Notes are convertible into shares of our common stock at any time, at the option of the holders, at a rate of 281.69 shares of common stock per \$1,000 principal amount of 2023 Convertible Senior Notes, subject to customary adjustments to the conversion rate and threshold price with respect to, among other things, stock dividends and distributions, mergers and reclassifications. The 2023 Convertible Senior Notes will be automatically converted into shares of common stock at this rate if the volume weighted average trading price of the Company's common stock equals or exceeds the threshold price, which initially is \$3.55 per share, for 10 trading days in any period of 15 consecutive trading days, subject to satisfaction of certain other conditions. Additionally, the Company may, based on a determination of its Board of Directors that such changes are in the best interests of the Company, and subject to certain limitations, increase the conversion rate (which increase in conversion rate is limited until January 9, 2019 to no greater than 393.55 shares of common stock per \$1,000 principal amount of 2023 Convertible Senior Notes). Any such conversion rate increase would cause a proportional decrease in the threshold price for mandatory conversions, and thereby would enable the Company to require a mandatory conversion into common stock at a lower price than the initial or then-prevailing threshold price.

**April 2018 Conversion of 2024 Convertible Senior Notes**

In April 2018, holders of all \$84.7 million aggregate outstanding principal amount of our 2024 Convertible Senior Notes converted their notes into shares of Denbury common stock, at rates specified in the indenture for the notes, resulting in the issuance of 38.5 million shares of our common stock upon conversion. As of April 18, 2018, there were no remaining 2024 Convertible Notes outstanding.

**Note 5. 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.

Historically, we have entered 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 and to provide more certainty to our future cash flows. We do not hold or issue derivative financial instruments for trading purposes. Generally, these contracts have consisted of various combinations of price floors, collars, three-way collars, fixed-price swaps, fixed-price swaps enhanced with a sold put, and basis swaps. 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.

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, 2018, 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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### Denbury Resources Inc. Notes to Unaudited Condensed Consolidated Financial Statements

The following table summarizes our commodity derivative contracts as of March 31, 2018, none of which are classified as hedging instruments in accordance with the FASC *Derivatives and Hedging* topic:

Months	Index Price	Volume (Barrels per day)	Contract Prices (\$/Bbl)									
			Range <sup>(1)</sup>	Weighted Average Price				Ceiling				
				Swap	Sold Put	Floor						
Oil Contracts:												
<u>2018 Basis Swaps<sup>(2)</sup></u>												
Apr – June	Argus LLS	20,000	\$ 3.13 – 4.63	\$ 4.17	\$ —	\$ —	\$ —					
<u>2018 Fixed-Price Swaps</u>												
Apr – Dec	NYMEX	20,500	\$ 50.00 – 56.65	\$ 51.69	\$ —	\$ —	\$ —					
Apr – Dec	Argus LLS	5,000	60.10 – 60.25	60.18	—	—	—					
<u>2018 Three-Way Collars<sup>(3)</sup></u>												
Apr – Dec	NYMEX	15,000	\$ 45.00 – 56.60	\$ —	\$ 36.50	\$ 46.50	\$ 53.88					
<u>2019 Fixed-Price Swaps</u>												
Jan – June	NYMEX	3,500	\$ 59.00 – 59.10	\$ 59.05	\$ —	\$ —	\$ —					
<u>2019 Three-Way Collars<sup>(3)</sup></u>												
Jan – June	NYMEX	6,500	\$ 55.00 – 66.20	\$ —	\$ 47.00	\$ 55.00	\$ 65.54					
July – Dec	NYMEX	10,000	55.00 – 65.60	—	47.00	55.00	65.37					

- (1) Ranges presented for fixed-price swaps and basis swaps represent the lowest and highest fixed prices of all open contracts for the period presented. For three-way collars, ranges represent the lowest floor price and highest ceiling price for all open contracts for the period presented.
- (2) The basis swap contracts establish a fixed amount for the differential between Argus WTI and Argus LLS prices on a trade-month basis for the period indicated.
- (3) 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 6. 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 derivatives that are based on NYMEX pricing and fixed-price swaps and basis swaps that are based on regional pricing other than NYMEX (e.g., Light Louisiana Sweet). Our costless collars and the sold put features of our three-way collars are valued using the Black-

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

Scholes model, an industry standard option valuation model that takes into account inputs such as contractual prices for the underlying instruments, 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. As of March 31, 2018, we had no Level 3 recurring fair value measurements. Previous instruments in this category included non-exchange-traded three-way collars that are based on regional pricing other than NYMEX (e.g., Light Louisiana Sweet). The valuation models utilized for costless collars and three-way collars are consistent with the methodologies described above; however, the implied volatilities utilized in the valuation of Level 3 instruments were developed using a benchmark, which was considered a significant unobservable input.

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, 2018</b>				
Assets				
Oil derivative contracts – current	\$ —	\$ 1,859	\$ —	\$ 1,859
Total Assets	\$ —	\$ 1,859	\$ —	\$ 1,859
Liabilities				
Oil derivative contracts – current	\$ —	\$ (114,512)	\$ —	\$ (114,512)
Oil derivative contracts – long-term	—	(1,876)	—	(1,876)
Total Liabilities	\$ —	\$ (116,388)	\$ —	\$ (116,388)
<b>December 31, 2017</b>				
Liabilities				
Oil derivative contracts – current	\$ —	\$ (99,061)	\$ —	\$ (99,061)
Total Liabilities	\$ —	\$ (99,061)	\$ —	\$ (99,061)

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.

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

#### 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, 2018 and 2017:

<i>In thousands</i>	Three Months Ended March 31,	
	2018	2017
Fair value of Level 3 instruments, beginning of period	\$ —	\$ (526)
Fair value gains on commodity derivatives	—	617
Payments on settlements of commodity derivatives	—	—
Fair value of Level 3 instruments, end of period	\$ —	\$ 91
The amount of total gains for the period included in earnings attributable to the change in unrealized gains relating to assets or liabilities still held at the reporting date		
	\$ —	\$ 236

#### Other Fair Value Measurements

The carrying value of our 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 the fair value of our fixed-rate long-term debt using observable market data. The fair values of our senior secured second lien notes, convertible senior notes, and senior subordinated notes are based on quoted market prices, which are considered Level 1 measurements under the fair value hierarchy. The estimated fair value of the principal amount of our debt as of March 31, 2018 and December 31, 2017, excluding pipeline financing and capital lease obligations, was \$2,350.8 million and \$2,260.6 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 7. Commitments and Contingencies

##### Litigation

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.

##### *Riley Ridge Helium Supply Contract Claim*

As part of our 2010 and 2011 acquisitions of the Riley Ridge Unit and associated gas processing facility that was under construction, the Company assumed a 20-year helium supply contract under which we agreed to supply the helium separated from the full well stream by operation of the gas processing facility to a third-party purchaser, APMTG Helium, LLC. The helium supply contract provides for the delivery of a minimum contracted quantity of helium, subject to adjustment after startup of the Riley Ridge gas processing facility, with liquidated damages payable if specified quantities of helium are not supplied in accordance with the terms of the contract. The liquidated damages are specified in the contract at up to \$8.0 million per contract year and are capped at an aggregate of \$46.0 million over the term of the contract. As the gas processing facility has been shut-in since mid-2014, we have not been able to supply helium under the helium supply contract. APMTG Helium, LLC filed a case in November 2014 in the Ninth Judicial District Court of Sublette County, Wyoming, claiming multiple years of liquidated damages for non-delivery of volumes of helium specified under the helium supply contract. The Company's position is that our contractual obligations are excused by virtue of events that fall within the force majeure provisions in the helium supply contract. The evidentiary phase of the trial closed on November 29, 2017. The parties submitted written closing briefs and rebuttal briefs to the District Court during

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

February and April of 2018. We currently expect a ruling from the District Court to be made in the second or third quarter of 2018. The Company plans to continue to vigorously defend its position, but we are unable to predict at this time the outcome of this dispute.



**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, 2017 (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 the Form 10-K, 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.

**Oil Price Impact on Our Business.** Our financial results are significantly impacted by changes in oil prices, as 97% of our production is oil. Oil prices have continued to improve from the levels experienced over the last few years, when oil prices generally ranged between \$40-\$50 per Bbl. NYMEX oil prices averaged approximately \$63 per Bbl in the first quarter of 2018 compared to approximately \$52 per Bbl in the first quarter of 2017. Increases in oil prices impact all aspects of our business; most notably our cash flow from operations, revenues, and capital budgeting decisions. Our 2018 capital spending has been budgeted at approximately \$300 million to \$325 million, excluding capitalized interest and acquisitions, roughly a 30% increase over 2017 capital spending levels. We utilized a NYMEX oil price estimate of \$55 per Bbl in developing our 2018 budget, which based on our current projections would generate a level of cash flow that would fully fund our development capital spending plans. With this capital spending level, we currently anticipate our 2018 production to average between 60,000 and 64,000 BOE/d. We have hedged various portions of our estimated oil production through 2019 in order to protect against the volatility in oil prices and to provide greater certainty around levels of our cash flow in order to execute on our planned 2018 capital spending.

**Operating Highlights.** We recognized net income of \$39.6 million, or \$0.09 per diluted common share, during the first quarter of 2018, compared to net income of \$21.5 million, or \$0.05 per diluted common share, during the first quarter of 2017. The primary drivers of our change in operating results between the comparative first quarters of 2018 and 2017 were the following:

- Oil and natural gas revenues in the first quarter of 2018 improved by \$73.8 million, or 28%, principally driven by a 28% improvement in realized oil prices, along with a 1% increase in average daily production volumes. Our net realized oil price relative to NYMEX prices improved by \$2.93 per Bbl from the prior-year period to \$1.29 per Bbl above NYMEX.
- Commodity derivatives expense increased by \$73.4 million (\$48.8 million of expense in the current-year period compared to \$24.6 million of income in the prior-year period). This increase in expense was the result of losses from noncash fair value adjustments between the periods of \$67.0 million and a \$6.4 million increase in payments on derivative settlements.
- General and administrative expenses decreased \$8.0 million, primarily as a result of lower employee-related costs due to a workforce reduction in August 2017.
- Interest expense, net, decreased on a GAAP basis by \$9.9 million primarily due to the exchange transactions completed during December 2017 and January 2018. See *Results of Operations – Interest and Financing Expenses* for further discussion.

We generated \$91.6 million of cash flows from operating activities in the first quarter of 2018, an increase of \$67.4 million from the first quarter of 2017 levels. The increase in cash flows from operations was due primarily to higher oil and natural gas revenues of \$73.8 million, a \$9.9 million decrease in interest expense, and an \$8.0 million decrease in general and administrative expenses, slightly offset by an increase in derivative settlement payments of \$6.4 million, a \$4.9 million increase in taxes other than income and a \$4.5 million increase in lease operating expenses.

**2018 Debt Reduction Transactions.** In early January 2018, we closed transactions in which \$174.3 million aggregate principal amount of our existing senior subordinated notes were exchanged for \$74.1 million aggregate principal amount of 9¼% Senior Secured Second Lien Notes due 2022 (the "2022 Senior Secured Notes") and \$59.4 million aggregate principal amount of new 5% Convertible Senior Notes due 2023 (the "2023 Convertible Senior Notes").

**April 2018 Conversion of 2024 Convertible Senior Notes.** In April 2018, holders of all \$84.7 million outstanding principal amount of our 3½% Convertible Senior Notes due 2024 (the "2024 Convertible Senior Notes") converted their notes into shares of Denbury common stock, at rates specified in the indenture for the notes, resulting in the issuance of 38.5 million shares of our common stock upon conversion. As of April 18, 2018, there were no remaining 2024 Convertible Senior Notes outstanding.

**Exploitation Drilling Update.** Following the success of our first exploitation horizontal well in the Mission Canyon interval at Cedar Creek Anticline at the end of 2017, we have allocated \$30 million to \$40 million of our 2018 capital budget to exploitation drilling across this broad area. We recently completed two additional Mission Canyon wells, both of which were successful, and have added an additional well to the program for 2018, bringing the total wells planned this year to seven. These first three wells are currently producing at a combined gross rate of between 2,500 and 3,000 barrels of oil per day. In addition, we recently began drilling our first well in the Perry Sand interval at Tinsley Field, and expect to see results of that well during the second quarter. Finally, in the second half of 2018, we plan to drill a well in the Powder River Basin at Hartzog Draw Field to test the prospectivity of deeper intervals on our acreage, which is held by Hartzog Draw unit production.

## **CAPITAL RESOURCES AND LIQUIDITY**

**Overview.** Our primary sources of capital and liquidity are our cash flows from operations and availability of borrowing capacity under our senior secured bank credit facility. For the three months ended March 31, 2018, we generated cash flows from operations of \$91.6 million, after giving effect to \$33.8 million of cash outflows for working capital changes, which were impacted by increasing revenues during 2018 due to oil price increases and the timing of certain payments.

As of March 31, 2018, we had \$450.0 million drawn on our \$1.05 billion senior secured bank credit facility, compared to \$475.0 million of borrowings outstanding as of December 31, 2017. This leaves us with \$537.8 million of borrowing base availability as of March 31, 2018, after consideration of \$62.2 million of outstanding letters of credit.

We have historically tried to match our development capital spending with our cash flow from operations, and we currently expect to fund our planned capital expenditures with our projected cash flows from operations in 2018. We believe the approximate \$540 million of liquidity available under our bank credit facility is sufficient to cover any excess working capital needs or any foreseeable cash flow shortfall between our cash flows from operations and capital spending. With the maturity of our bank credit facility set for December 2019, the Company intends to proactively work with its bank group during 2018 on extension of that maturity date while remaining focused upon maintaining our current level of available liquidity through that process. The Company may also raise funds through asset sales or joint ventures, or issuance of debt and/or equity, which would enable us to further increase our available liquidity. Related to this, the Company is currently engaged in two asset sale processes. In mid-2017, we began to actively market for sale certain non-producing surface acreage in the Houston area. The acreage contains numerous parcels, and we currently anticipate that a portion of these sales will occur in 2018, with the remainder extending into 2019. Also, in February 2018, we initiated a sale process for our mature EOR properties located in Mississippi and Louisiana and Citronelle Field located in Alabama. In aggregate, these fields accounted for 13% of our first quarter 2018 production and approximately 7% of our 2017 year-end proved reserves. The success, timing and outcome of these processes cannot be predicted at this time, but their successful completion could provide funds to pay down debt or add liquidity for financial or operational uses.

We have reduced our outstanding debt principal by approximately \$953 million on a proforma basis between December 31, 2014 and March 31, 2018, primarily through opportunistic debt exchanges, open market debt repurchases, and the conversion into common stock of all of our outstanding 3½% Convertible Senior Notes due 2024 in April 2018. The movements in the market price of our debt and equity securities may provide opportunities for debt refinancing or additional debt reduction, and we may have discussions with bondholders from time to time regarding potential debt reduction transactions of various types. Potential transactions could include purchases of our debt in the open market, exchange offers, cash tenders for our debt, or future potential debt reduction with proceeds of issuances of equity, asset sales, joint ventures and other cash-generating activities.

**Senior Secured 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 (as amended, the "Bank Credit Agreement"). As part of our spring 2018 semiannual borrowing base redetermination, the borrowing base and lender commitments for our Bank Credit Agreement were reaffirmed at \$1.05 billion, with the next such redetermination scheduled for November 2018.

The Bank Credit Agreement contains certain financial performance covenants through the maturity of the facility, including the following:

- A consolidated senior secured debt to consolidated EBITDAX covenant, with such ratio not to exceed 3.0 to 1.0 through the first quarter of 2018, and thereafter not to exceed 2.5 to 1.0. Currently, only debt under our Bank Credit Agreement is considered consolidated senior secured debt for purposes of this ratio;
- A minimum permitted ratio of consolidated EBITDAX to consolidated interest charges of 1.25 to 1.0; and
- A requirement to maintain a current ratio of 1.0 to 1.0.

Under these financial performance covenant calculations, as of March 31, 2018, our ratio of consolidated senior secured debt to consolidated EBITDAX was 0.92 to 1.0 (with a maximum permitted ratio of 3.0 to 1.0), our ratio of consolidated EBITDAX to consolidated interest charges was 2.71 to 1.0 (with a required ratio of not less than 1.25 to 1.0), and our current ratio was 3.33 to 1.0 (with a required ratio of not less than 1.0 to 1.0). Based upon our currently forecasted levels of production and costs, hedges in place as of May 7, 2018, and current oil commodity futures prices, we currently anticipate continuing to be in compliance with our financial performance covenants during the foreseeable future.

The above description of our Bank Credit Agreement is qualified by the express language and defined terms contained in the Bank Credit Agreement and the amendments thereto, each of which are filed as exhibits to our periodic reports filed with the SEC.

**Recent Debt Reduction Transactions.** During January 2018, we closed transactions in which \$11.6 million aggregate principal amount of our 6¾% Senior Subordinated Notes due 2021 (the “2021 Notes”), \$94.2 million aggregate principal amount of our 5½% Senior Subordinated Notes due 2022 (the “2022 Notes”) and \$68.5 million aggregate principal amount of our 4¾% Senior Subordinated Notes due 2023 (the “2023 Notes”) were exchanged for \$74.1 million aggregate principal amount of 2022 Senior Secured Notes and \$59.4 million aggregate principal amount of 2023 Convertible Senior Notes, resulting in a net reduction of \$40.8 million in our debt principal since December 31, 2017. When combined with the privately negotiated transactions completed in December 2017 and mandatory debt conversion triggered in April 2018, we have reduced our debt principal by \$269.1 million, which could increase to approximately \$329 million if all of the 2023 Convertible Senior Notes also convert into Company common stock (based upon issuance of up to 16,743,372 shares at the current conversion rate for such notes).

**Capital Spending.** We currently anticipate that our full-year 2018 capital budget, excluding capitalized interest and acquisitions, will be approximately \$300 million to \$325 million. Capitalized interest is currently estimated at approximately \$30 million for 2018. The 2018 capital budget, excluding capitalized interest and acquisitions, provides for approximate spending as follows:

- \$155 million allocated for tertiary oil field expenditures;
- \$95 million allocated for other areas, primarily non-tertiary oil field expenditures including exploitation;
- \$20 million to be spent on CO<sub>2</sub> sources and pipelines; and
- \$45 million for other capital items such as capitalized internal acquisition, exploration and development costs and pre-production tertiary startup costs.

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

**Capital Expenditure Summary.** The following table reflects incurred capital expenditures (including accrued capital) for the three months ended March 31, 2018 and 2017:

<i>In thousands</i>	Three Months Ended March 31,	
	2018	2017
Capital expenditures by project		
Tertiary oil fields	\$ 18,273	\$ 21,207
Non-tertiary fields	14,922	18,440
Capitalized internal costs <sup>(1)</sup>	14,085	13,646
Oil and natural gas capital expenditures	47,280	53,293
CO <sub>2</sub> pipelines, sources and other	347	10
<b>Capital expenditures, before acquisitions and capitalized interest</b>	<b>47,627</b>	<b>53,303</b>
Acquisitions of oil and natural gas properties	35	16,098
<b>Capital expenditures, before capitalized interest</b>	<b>47,662</b>	<b>69,401</b>
Capitalized interest	8,452	4,654
<b>Capital expenditures, total</b>	<b>\$ 56,114</b>	<b>\$ 74,055</b>

(1) Includes capitalized internal acquisition, exploration and development costs and pre-production tertiary startup costs.

For the three months ended March 31, 2018, our capital expenditures and property acquisitions were funded with \$91.6 million of cash flows from operations. For the three months ended March 31, 2017, our capital expenditures and property acquisitions were primarily funded with cash flows from operations, with additional funds provided by borrowings on our Bank Credit Agreement.

**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, 2017, 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, 2018 and 2017 are included in the following table:

<i>In thousands, except per-share and unit data</i>	Three Months Ended March 31,	
	2018	2017
<b>Operating results</b>		
Net income	\$ 39,578	\$ 21,530
Net income per common share – basic	0.10	0.06
Net income per common share – diluted	0.09	0.05
Net cash provided by operating activities	91,627	24,262
<b>Average daily production volumes</b>		
Bbls/d	58,354	58,303
Mcf/d	11,904	9,778
BOE/d <sup>(1)</sup>	60,338	59,933
<b>Operating revenues</b>		
Oil sales	\$ 337,406	\$ 263,974
Natural gas sales	2,615	2,204
Total oil and natural gas sales	<u>\$ 340,021</u>	<u>\$ 266,178</u>
<b>Commodity derivative contracts<sup>(2)</sup></b>		
Payment on settlements of commodity derivatives	\$ (33,357)	\$ (26,940)
Noncash fair value gains (losses) on commodity derivatives <sup>(3)</sup>	(15,468)	51,542
Commodity derivatives income (expense)	<u>\$ (48,825)</u>	<u>\$ 24,602</u>
<b>Unit prices – excluding impact of derivative settlements</b>		
Oil price per Bbl	\$ 64.25	\$ 50.31
Natural gas price per Mcf	2.44	2.50
<b>Unit prices – including impact of derivative settlements<sup>(2)</sup></b>		
Oil price per Bbl	\$ 57.89	\$ 45.17
Natural gas price per Mcf	2.44	2.50
<b>Oil and natural gas operating expenses</b>		
Lease operating expenses	\$ 118,356	\$ 113,840
Marketing expenses, net of third-party purchases, and plant operating expenses	9,522	10,088
Production and ad valorem taxes	25,032	20,841
<b>Oil and natural gas operating revenues and expenses per BOE</b>		
Oil and natural gas revenues	\$ 62.61	\$ 49.35
Lease operating expenses	21.80	21.11
Marketing expenses, net of third-party purchases, and plant operating expenses	1.75	1.87
Production and ad valorem taxes	4.61	3.86
<b>CO<sub>2</sub> sources – revenues and expenses</b>		
CO <sub>2</sub> sales and transportation fees	\$ 7,552	\$ 5,388
CO <sub>2</sub> discovery and operating expenses	(462)	(593)
CO <sub>2</sub> revenue and expenses, net	<u>\$ 7,090</u>	<u>\$ 4,795</u>

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

(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 gains (losses) 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 gains (losses) on commodity derivatives represent only the net changes between periods of the fair market values of commodity derivative positions, and exclude the impact of settlements on commodity derivatives during the period, which were payments on settlements of \$33.4 million and \$26.9 million for the three months ended March 31, 2018 and 2017, respectively. We believe that noncash fair value gains (losses) on commodity derivatives is a useful supplemental disclosure to “Commodity derivatives expense (income)” in order to differentiate noncash fair market value adjustments from receipts or payments upon 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 (loss) to present those measures on a comparative basis across companies, as well as to assess compliance with certain debt covenants. Noncash fair value gains (losses) 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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### Denbury Resources Inc. Management's Discussion and Analysis of Financial Condition and Results of Operations

#### Production

Average daily production by area for each of the four quarters of 2017 and for the first quarter of 2018 is shown below:

Operating Area	Average Daily Production (BOE/d)				
	First Quarter 2017	Second Quarter 2017	Third Quarter 2017	Fourth Quarter 2017	First Quarter 2018
<b>Tertiary oil production</b>					
<b>Gulf Coast region</b>					
Mature properties <sup>(1)</sup>	8,097	7,727	7,431	7,225	7,174
Delhi	4,991	4,965	4,619	4,906	4,169
Hastings	4,288	4,400	4,867	5,747	5,704
Heidelberg	4,730	4,996	4,927	4,751	4,445
Oyster Bayou	5,075	5,217	4,870	4,868	5,056
Tinsley	6,666	6,311	6,506	6,241	6,053
Other	14	10	19	7	57
Total Gulf Coast region	33,861	33,626	33,239	33,745	32,658
<b>Rocky Mountain region</b>					
Bell Creek	3,209	3,060	3,406	3,571	4,050
Salt Creek <sup>(2)</sup>	—	23	2,228	2,172	2,002
Total Rocky Mountain region	3,209	3,083	5,634	5,743	6,052
Total tertiary oil production	37,070	36,709	38,873	39,488	38,710
<b>Non-tertiary oil and gas production</b>					
<b>Gulf Coast region</b>					
Mississippi	1,342	1,004	867	721	875
Texas	4,333	5,002	4,024	4,617	4,386
Other	495	460	515	483	445
Total Gulf Coast region	6,170	6,466	5,406	5,821	5,706
<b>Rocky Mountain region</b>					
Cedar Creek Anticline	15,067	15,124	14,535	14,302	14,437
Other	1,626	1,475	1,514	1,533	1,485
Total Rocky Mountain region	16,693	16,599	16,049	15,835	15,922
Total non-tertiary production	22,863	23,065	21,455	21,656	21,628
<b>Total production</b>	<b>59,933</b>	<b>59,774</b>	<b>60,328</b>	<b>61,144</b>	<b>60,338</b>

(1) Mature properties include Brookhaven, Cranfield, Eucutta, Little Creek, Lockhart Crossing, Mallalieu, Martinville, McComb and Soso fields.

(2) Represents production related to the acquisition of a 23% non-operated working interest in Salt Creek Field in Wyoming, which closed on June 30, 2017.



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### Denbury Resources Inc.

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

##### Total Production

Total production during the first quarter of 2018 averaged 60,338 BOE/d, including 38,710 Bbls/d from tertiary properties and 21,628 BOE/d from non-tertiary properties. This total production level represents a slight increase of 405 BOE/d (1%) compared to first quarter of 2017 production levels, and a slight decrease of 806 BOE/d (1%) compared to fourth quarter of 2017 production levels. Production for the first quarter of 2018 was reduced by approximately 800 BOE/d due to extreme cold weather conditions in the Gulf Coast region during January, which caused power outages and freezing, as well as scheduled maintenance at Delhi and Heidelberg fields.

Our production during the three months ended March 31, 2018 was 97% oil, consistent with oil production during the prior-year period.

##### Tertiary Production

Oil production from our tertiary operations during the first quarter of 2018 decreased 778 Bbls/d (2%) when compared to the fourth quarter of 2017 and increased 1,640 Bbls/d (4%) compared to the same period in 2017. The sequential decrease was primarily due to the extreme cold weather conditions in the Gulf Coast region and scheduled maintenance at Delhi and Heidelberg fields referenced above. The year-over-year increase in production was primarily due to the acquisition of a 23% non-operated working interest in Salt Creek Field during the second quarter of 2017, as well as the CO<sub>2</sub> enhanced oil recovery response from phase 5 development at Bell Creek Field and the redevelopment project at Hastings Field.

##### Non-Tertiary Production

Production from our non-tertiary operations averaged 21,628 BOE/d during the first quarter of 2018, consistent with production during the fourth quarter of 2017 and a decrease of 1,235 BOE/d (5%) compared to the first quarter of 2017 levels. The year-over-year decrease was primarily due to natural production declines at Cedar Creek Anticline.

##### Oil and Natural Gas Revenues

Our oil and natural gas revenues during the three months ended March 31, 2018 increased 28% compared to these revenues for the same period in 2017. 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, 2018 vs. 2017	
	Increase in Revenues	Percentage Increase in Revenues
Change in oil and natural gas revenues due to:		
Increase in production	\$ 1,799	1%
Increase in commodity prices	72,044	27%
Total increase in oil and natural gas revenues	<u>\$ 73,843</u>	<u>28%</u>

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### Denbury Resources Inc.

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

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, 2018 and 2017:

	Three Months Ended March 31,	
	2018	2017
<b>Average net realized prices</b>		
Oil price per Bbl	\$ 64.25	\$ 50.31
Natural gas price per Mcf	2.44	2.50
Price per BOE	62.61	49.35
<b>Average NYMEX differentials</b>		
Oil per Bbl	\$ 1.29	\$ (1.64)
Natural gas per Mcf	(0.40)	(0.57)

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, crude oil quality, and location differentials. Our corporate-wide oil differential during the first quarter of 2018 was \$1.29 per Bbl above NYMEX prices, compared to an average differential of \$1.64 per Bbl below NYMEX in the first quarter of 2017 and \$1.70 per Bbl above NYMEX in the fourth quarter of 2017. Additional information about our oil differentials in the Gulf Coast and Rocky Mountain regions are discussed in further detail below.

Our average NYMEX oil differential in the Gulf Coast region was a positive \$2.05 per Bbl and a negative \$1.42 per Bbl during the first quarters of 2018 and 2017, respectively, and a positive \$3.00 per Bbl during the fourth quarter of 2017. 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, as well as various other price adjustments such as those noted above. The average LLS-to-NYMEX differential (on a trade-month basis) averaged a positive \$4.12 per Bbl in the first quarter of 2018, an increase from the positive \$1.58 per Bbl in the first quarter of 2017 and a decrease from the positive \$5.48 per Bbl in the fourth quarter of 2017. During the first quarter of 2018, we sold approximately 65% of our crude oil at prices based on, or 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.

NYMEX oil differentials in the Rocky Mountain region averaged \$0.06 per Bbl and \$2.09 per Bbl below NYMEX during the first quarters of 2018 and 2017, respectively, and \$0.76 per Bbl below NYMEX during the fourth quarter of 2017. Differentials in the Rocky Mountain region can fluctuate significantly on a month-to-month basis due to weather, refinery or transportation issues, and Canadian and U.S. crude oil price index volatility.

#### Commodity Derivative Contracts

The following table summarizes the impact our crude oil derivative contracts had on our operating results for the three months ended March 31, 2018 and 2017:

<i>In thousands</i>	Three Months Ended March 31,	
	2018	2017
Payment on settlements of commodity derivatives	\$ (33,357)	\$ (26,940)
Noncash fair value gains (losses) on commodity derivatives <sup>(1)</sup>	(15,468)	51,542
Total income (expense)	\$ (48,825)	\$ 24,602

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

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### Denbury Resources Inc.

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

In order to provide a level of price protection to a portion of our oil production, we have hedged a portion of our estimated oil production through 2019 using both NYMEX and LLS fixed-price swaps, three-way collars and basis swaps. See Note 5, *Commodity Derivative Contracts*, to the Consolidated Financial Statements for additional details of our outstanding commodity derivative contracts as of March 31, 2018, and Item 3, *Quantitative and Qualitative Disclosures about Market Risk* below for additional discussion. In addition, the following table summarizes our commodity derivative contracts as of May 7, 2018:

		2Q 2018	2H 2018	1H 2019	2H 2019
<b>WTI NYMEX</b>	Volumes Hedged (Bbls/d)	15,500	15,500	—	—
Fixed-Price Swaps	Swap Price <sup>(1)</sup>	\$50.13	\$50.13	—	—
<b>WTI NYMEX</b>	Volumes Hedged (Bbls/d)	5,000	5,000	3,500	—
Fixed-Price Swaps	Swap Price <sup>(1)</sup>	\$56.54	\$56.54	\$59.05	—
<b>Argus LLS</b>	Volumes Hedged (Bbls/d)	5,000	5,000	—	—
Fixed-Price Swaps	Swap Price <sup>(1)</sup>	\$60.18	\$60.18	—	—
<b>WTI NYMEX</b>	Volumes Hedged (Bbls/d)	15,000	15,000	8,500	12,000
3-Way Collars	Sold Put Price / Floor / Ceiling Price <sup>(1)(2)</sup>	\$36.50/\$46.50/\$53.88	\$36.50/\$46.50/\$53.88	\$47.00/\$55.00/\$66.71	\$47.00/\$55.00/\$66.23
<b>WTI NYMEX</b>	Volumes Hedged (Bbls/d)	—	—	3,000	3,000
3-Way Collars	Sold Put Price / Floor / Ceiling Price <sup>(1)(2)</sup>	—	—	\$50.00/\$58.00/\$70.41	\$50.00/\$58.00/\$70.41
	Total Volumes Hedged (Bbls/d)	40,500	40,500	15,000	15,000
<b>Argus LLS</b>	Volumes Hedged (Bbls/d)	20,000	—	—	—
Basis Swaps <sup>(3)</sup>	Swap Price <sup>(1)</sup>	\$4.17	—	—	—

- (1) Averages are volume weighted.
- (2) If oil prices were to average less than the sold put price, receipts on settlement would be limited to the difference between the floor price and the sold put price.
- (3) The basis swap contracts establish a fixed amount for the differential between Argus WTI and Argus LLS prices on a trade-month basis for the periods indicated.

Commodity derivative contracts in place for 2018 and 2019 include fixed-price swaps, three-way collars, and basis swaps. Based on current contracts in place and NYMEX oil futures prices as of May 7, 2018, which average approximately \$69 per Bbl for the remainder of 2018, we currently expect that we would make cash payments of approximately \$170 million during 2018 upon settlement of these contracts, the amount of which is dependent upon fluctuations in future NYMEX oil prices in relation to the prices of our fixed-price swaps which have weighted average prices of \$51.69 per Bbl and \$60.18 per Bbl for NYMEX and LLS hedges, respectively, weighted average ceiling prices of our three-way collars of \$53.88 per Bbl, as well as changes in the spread between Argus LLS and Argus WTI, which basis swap contracts have weighted average prices of \$4.17 per Bbl. Changes in commodity prices, expiration of contracts, and new commodity contracts entered into cause fluctuations in the estimated fair value of our oil 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.

### Production Expenses

#### Lease Operating Expenses

	Three Months Ended March 31,	
<i>In thousands, except per-BOE data</i>	2018	2017
Total lease operating expenses	\$ 118,356	\$ 113,840
Total lease operating expenses per BOE	\$ 21.80	\$ 21.11

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### Denbury Resources Inc.

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

Total lease operating expenses increased \$4.5 million (4%) on an absolute-dollar basis, or \$0.69 (3%) on a per-BOE basis, during the three months ended March 31, 2018 compared to levels in the same period in 2017. Our lease operating expenses during the comparative first quarter periods were primarily impacted by operating expenses related to our non-operated working interest in Salt Creek Field, which was acquired in June 2017 and has a higher per-BOE operating cost than our corporate average, with the increase partially offset by savings in various cost categories including chemicals and contract labor. Sequentially, lease operating expenses increased \$13.5 million (13%) on an absolute-dollar basis, or \$3.16 (17%) on a per-BOE basis between the fourth quarter of 2017 and the first quarter of 2018, primarily due to a \$7 million reduction for pricing adjustments of certain industrial-sourced CO<sub>2</sub> recorded in the fourth quarter of 2017, as well as higher power and fuel costs and workover activity in the current quarter.

Currently, our CO<sub>2</sub> expense comprises approximately 20% 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 first quarters of 2018 and 2017, approximately 54% and 57%, 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 (our net revenue interest). The price we pay others for CO<sub>2</sub> varies by source and is generally indexed to oil prices. When combining the production 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> was approximately \$0.39 per Mcf during the first quarter of 2018, including taxes paid on CO<sub>2</sub> production but excluding depletion, depreciation and amortization of capital expended at our CO<sub>2</sub> source fields and industrial sources. This per-Mcf CO<sub>2</sub> cost during the first quarter of 2018 was lower than the \$0.41 per Mcf comparable measure during the first quarter of 2017, but higher than the \$0.28 per Mcf comparable measure during the fourth quarter of 2017 due to the above referenced \$7 million reduction recorded in the fourth quarter of 2017 for pricing adjustments of certain industrial-sourced CO<sub>2</sub>.

#### *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. Marketing and plant operating expenses were \$12.4 million and \$14.1 million for the three months ended March 31, 2018 and 2017, respectively.

#### *Taxes Other Than Income*

Taxes other than income includes production, ad valorem and franchise taxes. Taxes other than income increased \$4.9 million (22%) during the three months ended March 31, 2018 compared to the same prior-year period, due primarily to an increase in production taxes resulting from higher oil and natural gas revenues.

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

<i>In thousands, except per-BOE data and employees</i>	Three Months Ended March 31,	
	2018	2017
Gross cash compensation and administrative costs	\$ 57,038	\$ 66,447
Gross stock-based compensation	3,302	5,388
Operator labor and overhead recovery charges	(31,137)	(31,531)
Capitalized exploration and development costs	(8,971)	(12,063)
Net G&A expense	<u>\$ 20,232</u>	<u>\$ 28,241</u>
G&A per BOE		
Net administrative costs	\$ 3.25	\$ 4.48
Net stock-based compensation	0.48	0.76
Net G&A expenses	<u>\$ 3.73</u>	<u>\$ 5.24</u>
Employees as of March 31	872	1,061

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### Denbury Resources Inc.

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

Our gross G&A expenses on an absolute-dollar basis decreased \$11.5 million (16%) during the three months ended March 31, 2018 compared to the same periods in 2017, primarily due to lower employee-related costs such as salaries and long-term incentives during the 2018 period following the August 2017 involuntary workforce reduction.

Net G&A expense on a per-BOE basis decreased 29% during the three months ended March 31, 2018 compared to levels in the same period in 2017 due to the items previously mentioned impacting gross G&A during the 2018 period, partially offset by lower capitalized exploration and development costs.

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.

#### Interest and Financing Expenses

<i>In thousands, except per-BOE data and interest rates</i>	Three Months Ended March 31,	
	2018	2017
Cash interest <sup>(1)</sup>	\$ 46,603	\$ 42,500
Less: interest on Senior Secured Notes and Convertible Senior Notes not reflected as interest for financial reporting purposes <sup>(1)</sup>	(22,049)	(12,569)
Noncash interest expense	1,137	1,901
Less: capitalized interest	(8,452)	(4,654)
Interest expense, net	\$ 17,239	\$ 27,178
Interest expense, net per BOE	\$ 3.17	\$ 5.04
Average debt principal outstanding	\$ 2,742,711	\$ 2,818,832
Average interest rate <sup>(2)</sup>	6.8%	6.0%

(1) Cash interest is presented on an accrual basis, and includes the portion of interest on our 9% Senior Secured Second Lien Notes due 2021 ("2021 Senior Secured Notes"), 2022 Senior Secured Notes, 2023 Convertible Senior Notes and 2024 Convertible Senior Notes versus the GAAP financial statement presentation in which interest on these notes is accounted for as debt and not reflected as interest for financial reporting purposes in accordance with Financial Accounting Standards Board Codification 470-60, *Troubled Debt Restructuring by Debtors*. See below for further discussion.

(2) Includes commitment fees but excludes debt issue costs.

As reflected in the table above, net interest expense during the three months ended March 31, 2018 decreased \$9.9 million (37%) when compared to the prior-year period due primarily to the series of exchange transactions completed during 2017 and 2018 (see *Capital Resources and Liquidity – Recent Debt Reduction Transactions*). As more fully described in Note 4, *Long-Term Debt*, to the Unaudited Condensed Consolidated Financial Statements, the exchange transactions were accounted for in accordance with Financial Accounting Standards Board Codification 470-60, *Troubled Debt Restructuring by Debtors*, whereby most of the future interest associated with the 2021 Senior Secured Notes, 2022 Senior Secured Notes, 2023 Convertible Senior Notes and 2024 Convertible Senior Notes was recorded as debt as of the transaction date, which will be reduced as semiannual interest payments are made or in the case of our convertible senior notes, converted into our common stock. Future interest payable recorded as debt totaled \$356.2 million as of March 31, 2018. Therefore, interest expense reflected in our Unaudited Condensed Consolidated Financial Statements will be significantly lower than the actual cash interest payment. Capitalized interest during the three months ended March 31, 2018 increased \$3.8 million (82%) compared to the same period in 2017, primarily due to an increase in the number of projects that qualify for interest capitalization.

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### 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,	
	2018	2017
Oil and natural gas properties	\$ 31,871	\$ 27,818
CO <sub>2</sub> properties, pipelines, plants and other property and equipment	20,580	23,377
Total DD&A	<u>\$ 52,451</u>	<u>\$ 51,195</u>
DD&A per BOE		
Oil and natural gas properties	\$ 5.87	\$ 5.16
CO <sub>2</sub> properties, pipelines, plants and other property and equipment	3.79	4.33
Total DD&A cost per BOE	<u>\$ 9.66</u>	<u>\$ 9.49</u>

The increase in our oil and natural gas properties depletion during the three months ended March 31, 2018 when compared to the same period in 2017 was primarily due to an increase in depletable costs associated with our reserves base, partially offset by an increase in proved oil and natural gas reserve quantities. The per-BOE increase was also partially offset by an increase in production volumes during 2018 when compared to production in the 2017 period.

#### Income Taxes

<i>In thousands, except per-BOE amounts and tax rates</i>	Three Months Ended March 31,	
	2018	2017
Current income tax benefit	\$ (1,032)	\$ (13,935)
Deferred income tax expense	15,052	34,909
Total income tax expense	<u>\$ 14,020</u>	<u>\$ 20,974</u>
Average income tax expense per BOE	\$ 2.58	\$ 3.89
Effective tax rate	26.2%	49.3%
Total net deferred tax liability	\$ 213,151	\$ 328,786

We evaluate our estimated annual effective income tax rate based on current and forecasted business results and enacted tax laws on a quarterly basis and apply this tax rate to our ordinary income or loss to calculate our estimated tax liability or benefit. Our income taxes are based on an estimated statutory rate of approximately 25% and 38% in 2018 and 2017, respectively. Our effective tax rates for the three months ended March 31, 2018 and 2017 differed from our estimated statutory rates, primarily due to the impact of a tax shortfall on a stock-based compensation deduction (tax deduction less than book expense recognized) of \$1.2 million and \$3.6 million, respectively.

The current income tax benefits for the three months ended March 31, 2018 and 2017, represent the estimated receivable resulting from alternative minimum tax credits.

As of March 31, 2018, we had an estimated \$51.5 million of enhanced oil recovery credits to carry forward related to our tertiary operations, \$21.6 million of research and development credits, and \$20.3 million of alternative minimum tax credits, which under the Tax Cut and Jobs Act, will be fully refundable by 2021. The enhanced oil recovery credits and research and development credits do not begin to expire until 2024 and 2031, respectively.

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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,	
	2018	2017
Oil and natural gas revenues	\$ 62.61	\$ 49.35
Payment on settlements of commodity derivatives	(6.14)	(5.00)
Lease operating expenses	(21.80)	(21.11)
Production and ad valorem taxes	(4.61)	(3.86)
Marketing expenses, net of third-party purchases, and plant operating expenses	(1.75)	(1.87)
Production netback	28.31	17.51
CO <sub>2</sub> sales, net of operating and exploration expenses	1.30	0.89
General and administrative expenses	(3.73)	(5.24)
Interest expense, net	(3.17)	(5.04)
Other	0.39	3.33
Changes in assets and liabilities relating to operations	(6.23)	(6.95)
Cash flows from operations	16.87	4.50
DD&A	(9.66)	(9.49)
Deferred income taxes	(2.77)	(6.47)
Noncash fair value gains (losses) on commodity derivatives <sup>(1)</sup>	(2.85)	9.56
Other noncash items	5.70	5.89
Net income	\$ 7.29	\$ 3.99

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

#### **CRITICAL ACCOUNTING POLICIES**

For additional discussion of our critical accounting policies, see *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Form 10-K. Any new accounting policies or updates to existing accounting policies as a result of new accounting pronouncements have been included in the notes to the Company's Unaudited Condensed Consolidated Financial Statements contained in this Quarterly Report on Form 10-Q.

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

The data and/or 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, financial forecasts, future hydrocarbon prices and timing, the degree and length of any price recovery for oil, current or future liquidity sources or their adequacy to support our anticipated future activities, our ability to further reduce our debt levels, possible future write-downs of oil and natural gas reserves, together with assumptions based on current and projected oil and gas prices and oilfield costs, current or future expectations or estimations of our cash flows or the impact of changes in commodity prices on cash flows, availability of capital, borrowing capacity, availability of advantageous commodity derivative contracts or the predicted cash flow benefits therefrom, forecasted capital expenditures, drilling activity or methods, including the timing and location thereof, the nature of any future asset sales or the timing or proceeds thereof, estimated timing of commencement

of CO<sub>2</sub> flooding of particular fields or areas, timing of CO<sub>2</sub> injections and initial production responses in tertiary flooding projects, development activities, finding costs, anticipated future cost savings, capital budgets, interpretation or prediction of formation details, production rates and volumes or forecasts thereof, hydrocarbon reserve quantities and values, CO<sub>2</sub> reserves and supply and their availability, potential reserves, barrels or percentages of recoverable original oil in place, potential increases in worldwide tariffs or other trade restrictions, the likelihood, timing and impact of increased interest rates, the impact of regulatory rulings or changes, anticipated outcomes of pending litigation, prospective legislation affecting the oil and gas industry, environmental regulations, mark-to-market values, competition, long-term forecasts of production, rates of return, estimated costs, changes in costs, future capital expenditures and overall economics, worldwide economic conditions and other variables surrounding our estimated original oil in place, operations and future plans. Such forward-looking statements generally are accompanied by words such as “plan,” “estimate,” “expect,” “predict,” “forecast,” “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 our 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 us or on our behalf. Among the factors that could cause actual results to differ materially are fluctuations in worldwide oil prices or in U.S. oil prices and consequently in the prices received or demand for our oil and natural gas; decisions as to production levels and/or pricing by OPEC or production levels by U.S. shale producers in future periods; levels of future capital expenditures; effects of our indebtedness; success of our risk management techniques; accuracy of our cost estimates; availability or terms of credit in the commercial banking or other debt markets; fluctuations in the prices of goods and services; the uncertainty of drilling results and reserve estimates; operating hazards and remediation costs; disruption of operations and damages from well incidents, hurricanes, tropical storms, forest fires, or other natural occurrences; acquisition risks; requirements for capital or its availability; conditions in the worldwide financial, trade and credit markets; general economic conditions; competition; government regulations, including changes in tax or environmental laws or regulations; 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 our 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, 2018, we had \$450.0 million of debt outstanding on our senior secured 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 light of credit downgrades in February 2016, we were required to provide a \$41.3 million letter of credit to the lessor, which we provided on March 4, 2016. The letter of credit may be drawn upon in the event we fail to make a payment due under the pipeline financing lease agreement or upon other specified defaults set out in the pipeline financing lease agreement (filed as Exhibit 99.1 to the Form 8-K filed with the SEC on June 5, 2008). The fair values of our senior secured second lien notes, convertible senior notes, and senior subordinated notes are based on quoted market prices. The following table presents the principal cash flows and fair values of our outstanding debt as of March 31, 2018, and does not reflect the conversions of all of our outstanding 3½% Convertible Senior Notes due 2024 in April 2018:

<i>In thousands</i>	2019	2021	2022	2023	2024	Total	Fair Value
<b>Variable rate debt:</b>							
Senior Secured Bank Credit Facility (weighted average interest rate of 4.5% at March 31, 2018)	\$450,000	\$ —	\$ —	\$ —	\$ —	\$ 450,000	\$ 450,000
<b>Fixed rate debt:</b>							
9% Senior Secured Second Lien Notes due 2021	—	614,919	—	—	—	614,919	630,292
9¼% Senior Secured Second Lien Notes due 2022	—	—	455,668	—	—	455,668	463,323
5% Convertible Senior Notes due 2023	—	—	—	59,439	—	59,439	53,335
3½% Convertible Senior Notes due 2024	—	—	—	—	84,650	84,650	104,340
6¾% Senior Subordinated Notes due 2021	—	203,545	—	—	—	203,545	171,487
5½% Senior Subordinated Notes due 2022	—	—	314,662	—	—	314,662	249,370
4½% Senior Subordinated Notes due 2023	—	—	—	307,978	—	307,978	228,674

See Note 4, *Long-Term Debt*, to the Unaudited Condensed Consolidated Financial Statements for details regarding our long-term debt.

*Commodity Derivative Contracts*

We enter into oil derivative contracts to provide an economic hedge of our exposure to commodity price risk associated with anticipated future oil production and to provide more certainty to our future cash flows. We do not hold or issue derivative financial instruments for trading purposes. Generally, these contracts have consisted of various combinations of price floors, collars, three-way collars, fixed-price swaps, fixed-price swaps enhanced with a sold put, and basis swaps. 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. In order to provide a level of price protection to a portion of our oil production, we have hedged a portion of our estimated oil production through 2019 using both NYMEX and LLS fixed-price swaps, three-way collars and basis swaps. Depending on market conditions, we may continue to add to our existing 2019 hedges. See also Note 5, *Commodity Derivative Contracts*, and Note 6, *Fair Value Measurements*, 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 commodity 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 senior secured bank credit facility (or affiliates of such lenders). We have included an estimate of nonperformance risk in the fair value measurement of our

commodity derivative contracts, which we have measured for nonperformance risk based upon credit default swaps or credit spreads.

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

At March 31, 2018, our commodity derivative contracts were recorded at their fair value, which was a net liability of \$114.5 million, a \$15.4 million increase from the \$99.1 million net liability recorded at December 31, 2017. This change is primarily related to the expiration of commodity derivative contracts during the three months ended March 31, 2018, new commodity derivative contracts entered into during 2018 for future periods, and to the changes in oil futures prices between December 31, 2017 and March 31, 2018.

#### *Commodity Derivative Sensitivity Analysis*

Based on NYMEX and LLS crude oil futures prices as of March 31, 2018, and assuming both a 10% increase and decrease thereon, we would expect to make payments on our crude oil derivative contracts as shown in the following table:

	Receipt / (Payment)
<i>In thousands</i>	Crude Oil Derivative Contracts
Based on:	
Futures prices as of March 31, 2018	\$ (111,901)
10% increase in prices	(187,612)
10% decrease in prices	(30,249)

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 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, 2018, 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, that it is 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 2018, 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.

*Riley Ridge Helium Supply Contract Claim*

As part of our 2010 and 2011 acquisitions of the Riley Ridge Unit and associated gas processing facility that was under construction, the Company assumed a 20-year helium supply contract under which we agreed to supply the helium separated from the full well stream by operation of the gas processing facility to a third-party purchaser, APMTG Helium, LLC. The helium supply contract provides for the delivery of a minimum contracted quantity of helium, subject to adjustment after startup of the Riley Ridge gas processing facility, with liquidated damages payable if specified quantities of helium are not supplied in accordance with the terms of the contract. The liquidated damages are specified in the contract at up to \$8.0 million per contract year and are capped at an aggregate of \$46.0 million over the term of the contract. As the gas processing facility has been shut-in since mid-2014, we have not been able to supply helium under the helium supply contract. APMTG Helium, LLC filed a case in November 2014 in the Ninth Judicial District Court of Sublette County, Wyoming, claiming multiple years of liquidated damages for non-delivery of volumes of helium specified under the helium supply contract. The Company's position is that our contractual obligations are excused by virtue of events that fall within the force majeure provisions in the helium supply contract. The evidentiary phase of the trial closed on November 29, 2017. The parties submitted written closing briefs and rebuttal briefs to the District Court during February and April of 2018. We currently expect a ruling from the District Court to be made in the second or third quarter of 2018. The Company plans to continue to vigorously defend its position, but we are unable to predict at this time the outcome of this dispute.

**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 2018:

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 2018	—	\$ —	—	\$ 210.1
February 2018	1,752	2.27	—	210.1
March 2018	165,097	2.73	—	210.1
Total	<u>166,849</u>		<u>—</u>	

- (1) Shares purchased during the first quarter of 2018 were made in connection with the surrender of shares by our employees to satisfy their tax withholding requirements related to the vesting of restricted and performance shares.
- (2) In October 2011, we commenced a common share repurchase program, which has been approved for up to an aggregate of \$1.162 billion of Denbury common shares by the Company's Board of Directors. This program has effectively been suspended and we do not anticipate repurchasing shares of our common stock in the near future. The program has no pre-established ending date and may be suspended or discontinued at any time. We are not obligated to repurchase any dollar amount or specific number of shares of our common stock under the program.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

None.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Exhibit</b>
10(a)*	Denbury Resources Inc. Severance Protection Plan, as amended and restated effective as of March 29, 2018.
10(b)*	Denbury Resources Inc. 2004 Omnibus Stock and Incentive Plan, as amended and restated effective as of March 29, 2018.
10(c)*	2018 Form of TSR Performance Award-Cash under the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc.
10(d)*	2018 Form of TSR Performance Award-Equity under the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc.
10(e)*	2018 Form of Debt-Adjusted Reserves Growth Per Share Performance Award-Cash under the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc.
10(f)*	2018 Form of Debt-Adjusted Reserves Growth Per Share Performance Award-Equity 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.

**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 10, 2018

/s/ Mark C. Allen

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Mark C. Allen  
Executive Vice President and Chief Financial Officer

May 10, 2018

/s/ Alan Rhoades

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Alan Rhoades  
Vice President and Chief Accounting Officer

**DENBURY RESOURCES  
SEVERANCE PROTECTION PLAN  
(As amended and restated effective as of March 29, 2018)**

**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, December 13, 2012, May 6, 2015 and March 31, 2016, and hereby further amended and restated effective March 29, 2018, 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 all Bonuses paid to a Participant during the twenty four (24) month period immediately preceding the date of the Change of Control; provided, however, if a Participant was not an Employee on January 1st of the calendar year which is two years prior to the year in which the Change of Control occurs, then the Bonus Amount for such Participant shall equal the greater of (i) fifty percent (50%) of the total amount of all Bonuses paid to such Participant during the twenty four (24) month period immediately preceding the date of the Change of Control and (ii) the total amount of all Bonuses paid to such Participant during the twelve (12) month period immediately preceding the date of the Change of Control. For the purposes of this **Section 2.5**, “Bonuses” shall mean any and all cash bonuses paid to a Participant including,



without limitation, discretionary cash bonuses (whether based on Company performance or individual performance) and Christmas cash bonuses, but “Bonuses” shall specifically exclude any new-hire or sign-on cash bonuses paid to a Participant and any “spot” bonuses paid to a 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.** March 29, 2018.

**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;

(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 ninety (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 Second Amended and Restated Bylaws.

**Section 2.17 Participant.** An Employee 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 date of 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 and Senior Vice Presidents, 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 that is six (6) months after the Termination Date (the "Six Month Date"), if as of the Six Month Date he is not then 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. This Plan shall not confer upon any Employee any right with respect to continuation of employment by any Employer, or any right to provide services to an Employer, nor shall this Plan interfere in any way with such Employee's right to terminate employment, or such Employer's right to terminate such Employee's employment, at any time.

**ARTICLE IV**  
**SEVERANCE BENEFITS**

**Section 4.1 Right to Severance Benefit.** 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 for any reason other than for Cause, during the period beginning six months prior to such Change of Control and ending two years after such Change of Control 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.

**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, of 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. Subject to termination of the Employer's obligation under Section 4.3(b), this period of time shall be 18 months for members of Senior Management; 15 months for all other Officers that are not members of Senior Management; and for all other Participants, a period of time (in months) equal to fifty percent (50%) of such Participant's 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 ninety (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 NET BEST TREATMENT DETERMINATION**

**Section 6.1 Determination By Accountant.** All determinations required to be made under this Article VI 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 Participant 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. Any determination by the Accounting Firm shall be binding upon the Company and the Participant.

**Section 6.2 "Net Best" Treatment Determination.** Each Participant is a "disqualified individual" (as defined in Section 280G of the Code), and if any compensation, payment or distribution by the Company to or for the benefit of such Participant, 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 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"), 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 (the "Income and Employment Taxes") (such Income and Employment Taxes calculated assuming the Participant is at the highest marginal tax rate) payable by such Participant 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 Participant 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 Income and Employment Taxes (such Income and Employment Taxes calculated assuming the Participant is at the highest marginal tax rate) 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 ("Section 409A"); (2) cash Severance Benefits subject to Section 409A; (3) equity-based Severance Benefits and any accelerated equity-based Severance Benefits; and (4) non-cash forms of Severance Benefits. For the avoidance of doubt, Severance Payments eligible for the discounted value calculated under Treasury Regulations Section 1.280G-1, Q&A 24 will be reduced last. 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 Participant shall immediately repay such excess to the Company upon notification that any such overpayment has been made to the Participant.

For the purposes of this **Section 6.2**, "Threshold Amount" shall mean three times the Participant'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 6.2** shall apply to such Participant shall be made substantially in accordance with the procedure set forth in **Section 6.1**. Any determination related to application of the foregoing provisions by the Accounting Firm shall be conclusive and binding upon the Company and any such Participant.

## **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 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 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, the following shall apply: (i) unless a specific time period during which such expense reimbursements 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 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.

## DENBURY RESOURCES INC.

**Amended and Restated  
2004 Omnibus Stock and Incentive Plan  
(amended and restated as of March 29, 2018)**

1. **Purpose.** This Amended and Restated 2004 Omnibus Stock and Incentive Plan (amended and restated as of March 29, 2018) (the or this “**Plan**”) is an amendment and restatement of the Plan (as amended and restated as of May 24, 2017, May 24, 2016, May 19, 2015 and December 12, 2013) (the “**Prior Plan**”). The purpose of the Plan is to provide a means through which Denbury Resources Inc., a Delaware corporation (the “**Company**”), and its Subsidiaries may attract and retain able persons as employees and directors and to provide a means whereby those persons upon whom the responsibilities of the successful administration and management of the Company and its Subsidiaries rest, and whose present and potential contributions to the welfare of the Company and its Subsidiaries are of importance, can acquire and maintain stock ownership or awards, the value of which is tied to the performance of the Company, thereby strengthening their concern for the welfare of the Company and its Subsidiaries and their desire to remain employed. A further purpose of this Plan is to provide such employees and directors with additional incentive and reward opportunities designed to enhance the profitable growth of the Company. Accordingly, this Plan primarily provides for the granting of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Dividend Equivalents, Other Stock-Based Awards, Cash Awards, Performance Awards, or any combination of the foregoing, as is best suited to the circumstances of the particular individual as provided herein.

2. **Definitions.** For purposes of this Plan, the following terms shall be defined as set forth below:

(a) “**Affiliate**” means any corporation, partnership, limited liability company, limited liability partnership, association, trust or other organization which, directly or indirectly, controls, is controlled by, or is under common control with, the Company. For purposes of the preceding sentence, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any entity or organization, shall mean the possession, directly or indirectly, of the power (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of the controlled entity or organization or (ii) to direct or cause the direction of the management and policies of the controlled entity or organization, whether through the ownership of voting securities, by contract, or otherwise.

(b) “**Award**” means any Option, SAR, Restricted Stock, Restricted Stock Unit, Dividend Equivalent, Other Stock-Based Award, Cash Award, Performance Award or Substitute Award, together with any other right or interest granted to a Participant under this Plan.

(c) “**Award Agreement**” means any written instrument (including an electronic instrument) that establishes the terms, conditions, restrictions and/or limitations applicable to an Award in addition to those established by this Plan and by the Committee’s exercise of its administrative powers. In the event of a conflict between the terms of this Plan and the terms of any Award Agreement, the terms of this Plan are controlling; notwithstanding the foregoing, an Award Agreement providing greater specificity as to certain aspects of the Award which are also covered by this Plan, shall not constitute a conflict with the terms of this Plan.

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

(e) “**Cash Award**” means an Award denominated in cash granted under Section 6(h) hereof.

(f) “**Cause**” means either (i) a final, nonappealable conviction of a Participant for commission of a felony involving moral turpitude or (ii) a Participant’s willful gross misconduct that causes material economic harm to the Company or that brings substantial discredit to the Company’s reputation.

(g) “**Change of Control**” means 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**” means 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 Exchange Act) become the beneficial owners (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of shares of 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 (A) 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 person following the effective date of such merger or consolidation or (B) 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 person; or

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

Notwithstanding the foregoing provisions of this Section 2(g), 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 Awards, such termination shall be deemed to have occurred immediately following a Change of Control.

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.

(h) "**Code**" means the United States Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

(i) "**Committee**" means a committee of two or more Directors designated by the Board to administer this Plan; provided, however, that, unless otherwise determined by the Board, the Committee shall consist solely of two or more Directors, each of whom shall be a Qualified Member.

(j) "**Covered Employee**" means an Eligible Person who is designated by the Committee, at the time of grant of a Performance Award, as likely to be a "covered employee" within the meaning of section 162(m) of the Code for a specified fiscal year.

(k) "**Deferred Stock Unit**" ("**DSU**") means a Restricted Stock Unit awarded or granted to a Director. As used herein, DSUs do not include units granted to Directors in payment of director fees pursuant to the Denbury Resources Inc. Director Deferred Compensation Plan, as amended.

(l) "**Director**" means a member of the Board.

(m) "**Disability**" means 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 Committee or its designee 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 twelve (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.

(n) "**Dividend Equivalent**" means a right, granted to an Eligible Person under Section 6(f) hereof, to receive cash, Stock, or other property equal in value to dividends paid or issued with respect to a specified number of shares of Stock.

(o) "**Effective Date**" has the meaning set forth in Section 9(o) hereof.

(p) “**Eligible Person**” means all Employees of the Company or of any of its Subsidiaries, and other persons who provide services to the Company or any of its Subsidiaries, including Directors; provided, that, any such individual must be an “employee” of the Company or any of its parents or subsidiaries within the meaning of General Instruction A.1(a) to Form S-8 if such individual will be granted an award that shall, or may, be settled in Stock. An Employee on leave of absence may be considered as still in the employ of the Company or its Subsidiaries for purposes of eligibility for participation in this Plan.

(q) “**Employee(s)**” means each person whose customary work schedule is a minimum of thirty (30) hours per week, and who is designated as an employee on the payroll records of the Company or any of its Subsidiaries.

(r) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

(s) “**Exercise Price**” has the meaning set forth in Section 6(b)(i) hereof.

(t) “**Fair Market Value**” means, as of any specified date, (i) if the Stock is listed on a national securities exchange, the closing sales price of the Stock, as reported by the stock exchange on that date (or if no sales occur on that date, on the last preceding date on which such sales of the Stock are so reported); (ii) if the Stock is not traded on a national securities exchange but is traded over the counter at the time a determination of its fair market value is required to be made under the Plan, the average between the reported high and low bid and asked prices of Stock on the most recent date on which Stock was publicly traded; or (iii) in the event Stock is not publicly traded at the time a determination of its value is required to be made under the Plan, the amount determined by the Committee in its discretion in such manner as it deems appropriate, taking into account all factors the Committee deems appropriate including, without limitation, the Nonqualified Deferred Compensation Rules.

(u) “**Incentive Stock Option**” or “**ISO**” means any Option intended to be and designated as an “incentive stock option” within the meaning of section 422 of the Code.

(v) “**Nonqualified Deferred Compensation Rules**” means the limitations or requirements of section 409A of the Code, as amended from time to time, including the guidance and regulations promulgated thereunder and successor provisions, guidance and regulations thereto.

(w) “**Nonstatutory Stock Option**” means any Option that is not intended to be an “incentive stock option” within the meaning of section 422 of the Code. Under the Prior Plan, Nonstatutory Stock Options were referred to as Non-Qualified Stock Options.

(x) “**Option**” means a right, granted to an Eligible Person under Section 6(b) hereof, to purchase Stock or other Awards at a specified price during specified time periods.

(y) “**Other Stock-Based Awards**” means Awards granted to an Eligible Person under Section 6(g) hereof.

(z) “**Participant**” means a person who has been granted an Award under this Plan that remains outstanding, including a person who is no longer an Eligible Person.

(aa) “**Performance Award**” means a right, granted to an Eligible Person under Section 6(j) hereof, to receive Awards based upon Performance Criteria.

(bb) “**Performance Criteria**” has the meaning set forth in Section 6(j)(ii)(A)(1) hereof.

(cc) “**person**” means any person or entity of any nature whatsoever, specifically including an individual, a firm, a company, a corporation, a partnership, a limited liability company, a trust or other entity; a person, together with that person’s Affiliates and Associates (as those terms are defined in Rule 12b-2 under the Exchange Act, provided, that, “registrant” as used in Rule 12b-2 shall mean the Company), and any persons acting as a partnership, limited partnership, joint venture, association, syndicate or other group (whether or not formally organized), or otherwise acting jointly or in concert or in a coordinated or consciously parallel manner (whether or not pursuant to any express agreement), for the purpose of acquiring, holding, voting or disposing of securities of the Company with such person, shall be deemed a single “person.”



(dd) “**Pre-2018 Awards**” has the meaning set forth in Section 6(a) hereof.

(ee) “**Pre-2018 Performance Awards**” has the meaning set forth in Section 6(a) hereof.

(ff) “**Qualified Member**” means a member of the Committee who is (i) a “nonemployee director” within the meaning of Rule 16b-3(b)(3), (ii) an “outside director” within the meaning of Treasury Regulation 1.162-27 under section 162(m) of the Code, and (iii) “independent” under the listing standards or rules of the securities exchange upon which the Stock is traded, but only to the extent such independence is required in order to take the action at issue pursuant to such standards or rules.

(gg) “**Restricted Stock**” means Stock, granted to an Eligible Person under Section 6(d) hereof, that is subject to certain restrictions and to a risk of forfeiture. Under the Prior Plan, Restricted Stock was referred to as Restricted Shares.

(hh) “**Restricted Stock Unit**” means a right, granted to an Eligible Person under Section 6(e) hereof, to receive Stock, cash or a combination thereof at the end of a specified period.

(ii) “**Retirement Vesting Date**” if applicable, means the first birthday of a Participant on which that Participant has attained the later of (i) his sixtieth (60<sup>th</sup>) birthday and (ii) the birthday on which that Participant attains an age equal to (x) sixty-five (65) minus (y) the number which results from multiplying (A) fifty percent (50%) times (B) that Participant’s full years of service as an Employee or service provider on such birthday, with such product of (A) and (B) rounded down to the nearest whole number before being deducted from sixty-five (65). For example, a Participant who has completed sixty (60) months of service (*i.e.*, five (5) full years of service) as an Employee or service provider on such person’s sixty-second (62<sup>nd</sup>) birthday will not have attained such person’s Retirement Vesting Date, whereas a Participant who has completed seventy-two (72) months of service (*i.e.*, six (6) full years of service) as an Employee or service provider on such person’s sixty-second (62<sup>nd</sup>) birthday will have attained such person’s Retirement Vesting Date.

(jj) “**Rule 16b-3**” means Rule 16b-3, promulgated by the Securities and Exchange Commission under section 16 of the Exchange Act, as amended from time to time and applicable to this Plan and Participants.

(kk) “**Section 16 Officer**” means a president, vice president, secretary, treasurer or principal financial officer, comptroller or principal accounting officer, and any person routinely performing corresponding functions with respect to the Company.

(ll) “**Section 162(m) Award**” means a Performance Award granted under Section 6(j)(ii) hereof to a Covered Employee that is intended to satisfy the requirements for “performance-based compensation” within the meaning of section 162(m) of the Code.

(mm) “**Securities Act**” means the Securities Act of 1933 and the rules and regulations promulgated thereunder, or any successor law, as it may be amended from time to time.

(nn) “**Senior Management**” means that group composed of the Company’s Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, Executive Vice Presidents and Senior Vice Presidents, as such specific officers’ positions exist and individuals are then serving in such positions at the time in question.

(oo) “**Separation**” means (and shall occur on the date on which) a Participant ceases to be a Director or to have an employment or service relationship with the Company and its Affiliates for any reason, including death or Disability; provided, however, that, a Separation will not be considered to have occurred (i) upon a Participant’s ceasing an employment relationship with the Company and its Affiliates if at that time the Participant continues to serve, or commences serving, as a director of the Company or (ii) while a Participant is on sick leave, military leave, or any other leave of absence approved by the Company, if the period of such leave does not exceed 90 days, or, if longer, so long as the Participant’s right to reemployment or a continuing service relationship with the Company is guaranteed either by statute or by contract.

(pp) “**Stock**” means the Company’s Common Stock, par value \$0.001 per share, and such other securities as may be substituted (or re-substituted) for Stock pursuant to Section 8 hereof.

(qq) “**Stock Appreciation Rights**” or “**SAR**” means a right granted to an Eligible Person under Section 6(c) hereof.

(rr) “**Subsidiary**” means, with respect to the Company, any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by the Company.

(ss) “**Substitute Award**” means an Award granted under Section 6(i) hereof in substitution for a similar award as a result of certain business transactions.

### 3. **Administration.**

(a) Authority of the Committee. The Plan shall be administered by the Committee except to the extent the Board elects to administer the Plan, in which case references herein to the “Committee” shall be deemed to include references to the “Board.” Subject to the express provisions of the Plan, the Committee shall have the authority, in its sole and absolute discretion, to: (i) designate Eligible Persons as Participants; (ii) determine the type or types of Awards to be granted to an Eligible Person; (iii) determine the number of shares of Stock or amount of cash to be covered by Awards; (iv) determine the terms and conditions of any Award, consistent with the terms of the Plan, as well as the modification of such terms, which (subject to Section 6(a) hereof) may include the acceleration of vesting, waiver of forfeiture restrictions, modification of the form of settlement of the Award (for example, from cash to Stock or vice versa), or modification of any other condition or limitation regarding an Award, based on such factors as the Committee shall determine, in its sole discretion; (v) determine whether, to what extent, and under what circumstances Awards may be vested, settled, exercised, canceled, or forfeited; (vi) interpret and administer the Plan and any instrument or agreement relating to an Award made under the Plan; (vii) establish, amend, suspend, or waive rules and regulations used to administer the Plan; and (viii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. The Committee may correct any defect, supply any omission, or reconcile any inconsistency in the Plan, in any Award, or in any Award Agreement in the manner and to the extent it deems necessary or desirable to carry the Plan or any such Award or Award Agreement, or any term thereof, into effect, and the Committee shall be the sole and final judge of that necessity or desirability. Notwithstanding the foregoing, the Committee shall not have any discretion to (A) make changes to any Award that is intended to qualify as “performance-based compensation” under section 162(m) of the Code to the extent that the existence of such discretion or authority would cause such Award not to so qualify, (B) accelerate the payment of any Award that provides for a deferral of compensation under the Nonqualified Deferred Compensation Rules if such acceleration would subject a Participant to additional taxes under the Nonqualified Deferred Compensation Rules, or (C) take any action that would violate any applicable law. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The determinations of the Committee on the matters referred to in this Section 3(a) shall be final and conclusive.

(b) Manner of Exercise of Committee Authority. It is the intent of the Company that (i) Section 162(m) Awards shall qualify as “performance-based compensation” within the meaning of section 162(m) of the Code and (ii) to the fullest extent possible, the grant of any Awards to, or other transaction by, a Participant who is subject to section 16 of the Exchange Act shall be exempt from such section pursuant to an applicable exemption (except for transactions acknowledged in writing to be non-exempt by such Participant). At any time that a member of the Committee is not a Qualified Member, any action of the Committee relating to (A) an Award granted or to be granted to an Eligible Person who is then subject to section 16 of the Exchange Act in respect of the Company where such action is not taken by the full Board or (B) a Section 162(m) Award, may be taken either (x) by a subcommittee, designated by the Committee, composed solely of two or more Qualified Members or (y) by the Committee but with each such member who is not a Qualified Member abstaining or recusing himself or herself from such action; provided, however, that, upon such abstention or recusal, the Committee remains composed solely of two or more Qualified Members. Such action, authorized by such a subcommittee or by the Committee upon the abstention or recusal of such non-Qualified Member(s), shall be the action of the Committee for purposes of this Plan. Any action of the Committee shall be final, conclusive and binding on all persons, including the Company, its Subsidiaries, stockholders, Participants, beneficiaries, and transferees under Section 7(a)(iii) hereof or other persons claiming rights from or through a Participant.

(c) Delegation of Authority. The Committee may delegate any or all of its powers and duties under the Plan subject to such terms as the Committee shall determine, to perform such functions, including administrative functions and the power to grant Awards under the Plan, as the Committee may determine, to the extent that such delegation will not (i) violate applicable law, (ii) result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to section 16 of the Exchange Act in respect of the Company, or (iii) cause Section 162(m) Awards to fail to so qualify. Upon any such delegation, all references in the Plan to the “Committee,” other than in Section 8 hereof, shall be deemed to include any officer of the Company to whom such powers have been delegated by the Committee. Any such delegation shall not limit such officer’s right to receive Awards under the Plan and shall be performed in a manner compliant with applicable law; provided, however, the officer may not

grant Awards to himself or herself, a member of the Board, or any Section 16 Officer, or take any action with respect to any Award previously granted to himself or herself, a member of the Board, or a Section 16 Officer. The Committee may also appoint agents to assist it in administering the Plan that are Employees (whether or not such Employee is an officer); provided, that, such individuals may not be delegated the authority to (A) grant or modify any Awards that will, or may, be settled in Stock or (B) take any action that would cause Section 162(m) Awards to fail to so qualify.

(d) Limitation of Liability. The Committee and each member thereof shall be entitled to, in good faith, rely or act upon any report or other information furnished to it, him or her by any officer or Employee of the Company or any of its Subsidiaries, the Company's legal counsel, independent auditors, consultants or any other agents assisting in the administration of this Plan. Members of the Committee and any officer or Employee of the Company or any of its Subsidiaries acting at the direction or on behalf of the Committee shall not be personally liable for any action taken or omitted or determination made in good faith with respect to this Plan, and shall, to the fullest extent permitted by law, be indemnified and held harmless by the Company with respect to any such action or determination.

(e) Awards to Nonemployee Directors. Notwithstanding any provision in this Plan to the contrary and without being subject to management discretion, the Board, which may act through the Qualified Members, shall have the authority, in its sole and absolute discretion, to make Awards (other than ISOs) to nonemployee Directors under this Plan; provided, that, in each calendar year, during any part of which this Plan is in effect, a nonemployee Director may not be granted Awards (i) relating to more than 3% of the shares of Stock set forth in Section 4(a) hereof, subject to adjustment in a manner consistent with any adjustment made pursuant to Section 8 hereof or (ii) if greater, having a Fair Market Value on the date of grant greater than \$1,500,000. The Board, which may act through the Qualified Members, shall set the terms of any such Awards in its sole and absolute discretion, and the Board, which may act through the Qualified Members, shall be responsible for administering and construing such Awards in substantially the same manner that the Committee administers and construes Awards to other Eligible Persons.

(f) Participants in Non-U.S. Jurisdictions. Notwithstanding any provision of the Plan to the contrary, to comply with applicable laws in countries other than the United States in which the Company or any of its Affiliates operates or has employees, directors or other service providers from time to time, or to ensure that the Company complies with any applicable requirements of foreign securities exchanges, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which of its Affiliates shall be covered by the Plan; (ii) determine which Eligible Persons outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to Eligible Persons outside the United States to comply with applicable foreign laws or listing requirements of any foreign exchange; (iv) establish sub-plans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such sub-plans and/or modifications shall be attached to the Plan as appendices), provided, however, that, no such sub-plans and/or modifications shall increase the share limitations contained in Section 4(a) hereof; and (v) take any action, before or after an Award is granted, that it deems advisable to comply with any applicable governmental regulatory exemptions or approval or listing requirements of any such foreign securities exchange. For purposes of the Plan, all references to foreign laws, rules, regulations or taxes shall be references to the laws, rules, regulations and taxes of any applicable jurisdiction other than the United States or a political subdivision thereof.

#### **4. Stock Subject to Plan.**

(a) Overall Number of Shares Available for Delivery. Subject to adjustment in a manner consistent with any adjustment made pursuant to Section 8 hereof, the total number of shares of Stock reserved and available for issuance in connection with Awards under this Plan shall not exceed 48,400,000 shares, and such total will be available for the issuance of Incentive Stock Options.

(b) Application of Limitation to Grants of Awards. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or Substitute Awards) and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award.

(c) Availability of Shares Not Issued under Awards. Shares of Stock subject to an Award under this Plan that expire or are canceled, forfeited, exchanged, settled in cash or otherwise terminated, including (i) shares forfeited with respect to Restricted Stock and (ii) the number of shares withheld or surrendered to the Company in payment of any exercise or purchase price of an

Award or taxes relating to Awards, will again be available for Awards under this Plan, except that if any such shares could not again be available for Awards to a particular Participant under any applicable law or regulation, such shares shall be available exclusively for Awards to Participants who are not subject to such limitation.

(d) Stock Offered. The shares of Stock to be delivered under the Plan shall be made available from (i) authorized but unissued shares of Stock, (ii) Stock held in the treasury of the Company or (iii) previously issued shares of Stock reacquired by the Company, including shares purchased on the open market.

**5. Eligibility; Per Person Award Limitations.** Awards may be granted under this Plan only to persons who are Eligible Persons at the time of grant thereof. In each calendar year during any part of which this Plan is in effect, an Eligible Person may not be granted (a) Awards (other than Awards designated to be paid only in cash or the settlement of which is not based on a number of shares of Stock) covering or measured by more than 4,000,000 shares of Stock, subject to adjustment in a manner consistent with any adjustment made pursuant to Section 8 hereof and (b) Awards designated to be paid only in cash, or the settlement of which is not based on a number of shares of Stock, having a maximum value determined on the date of grant in excess of \$7,500,000. The foregoing limitations in this Section 5 shall be multiplied by one and one-half (1½) with respect to Awards granted to an Eligible Person during the first calendar year in which such person commences employment with the Company and its Subsidiaries.

## **6. Specific Terms of Awards.**

(a) General Terms and Vesting. Awards may be granted on the terms and conditions set forth in this Section 6. Unless otherwise expressly provided in an Award Agreement, upon a Participant's Separation by reason of the Participant's death or Disability, all Awards granted to the Participant shall become fully exercisable and/or vested and nonforfeitable. Unless otherwise expressly provided in an Award Agreement, the provisions of this Plan or, for the avoidance of doubt, the Prior Plan relating to a Participant having a Retirement Vesting Date, or a Participant being entitled to acceleration of exercisability, vesting, or non-forfeiture of any Awards granted under this Plan or, for the avoidance of doubt, the Prior Plan related to a Participant having a Retirement Vesting Date, shall have no force and effect with regard to, and shall not apply to, Awards granted to Participants after December 31, 2017. For Awards granted under this Plan or, for the avoidance of doubt, the Prior Plan on or prior to December 31, 2017 ("**Pre-2018 Awards**" or "**Pre-2018 Performance Awards**", as applicable), unless otherwise expressly provided in an Award Agreement related to Pre-2018 Awards, upon a Participant's Retirement Vesting Date, if applicable, all Pre-2018 Awards granted to the Participant (other than (i) Pre-2018 Awards granted to the Participant within the one (1) year period preceding the Participant's Retirement Vesting Date and (ii) Pre-2018 Performance Awards) shall become fully exercisable and/or vested and nonforfeitable. Pre-2018 Awards (other than Pre-2018 Performance Awards) granted to the Participant within the one (1) year period preceding the Participant's Retirement Vesting Date, if applicable, or granted to the Participant after the Participant's Retirement Vesting Date, if applicable, shall vest on the first anniversary of their respective dates of grant unless earlier forfeited due to the Participant's Separation prior to any such first anniversary date. Except to the extent Awards may become vested upon a Participant's death, Disability or upon (or following) a Participant's Retirement Vesting Date, if applicable, or upon a Change of Control, the length of the period over which an Award may become vested and nonforfeitable will not be less than (A) three (3) years for Awards of Restricted Stock and Restricted Stock Units that are not Performance Awards granted to Eligible Persons other than non-Employee Directors or (B) one (1) year for other Awards. Notwithstanding the foregoing, the Committee may accelerate the date on which the restrictions on any Award lapse, are waived or vesting is otherwise accelerated with respect to shares of Stock underlying Awards which comprise, in the aggregate for the period beginning on the Effective Date and ending on the date of such acceleration, five percent (5%) or less of the total number of shares of Stock authorized for issuance under this Plan pursuant to Section 4(a) hereof. For purposes of clarity, any acceleration due to the death, Disability or, for Pre-2018 Awards, the attainment of a Participant's Retirement Vesting Date, if applicable, or a Change of Control will not count against this five percent (5%) pool. Awards granted under this Plan may, in the discretion of the Committee, be granted either alone, in addition to, or in tandem with any other Award. The Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 8(a) hereof), such additional terms and conditions, not inconsistent with the provisions of this Plan, as the Committee shall determine.

(b) Options. The Committee is authorized to grant Options, which may be designated as either ISOs or Nonstatutory Stock Options, to Eligible Persons on the following terms and conditions:

(i) Exercise Price. Each Award Agreement evidencing an Option shall state the exercise price per share of Stock (the "**Exercise Price**"); provided, however, that, except as provided in Section 6(i) or in Section 8 hereof, the Exercise Price per

share of Stock subject to an Option shall not be less than the greater of (A) the par value per share of the Stock or (B) 100% of the Fair Market Value per share of the Stock as of the date of grant of the Option (or in the case of an ISO granted to an individual who owns stock comprising more than 10% of the total combined voting power of all classes of stock of the Company or its parent or any Subsidiary, 110% of the Fair Market Value per share of the Stock on the date of grant).

(ii) Time and Method of Exercise. The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals pursuant to Section 6(j) hereof and/or future service requirements), the methods by which such Exercise Price may be paid or deemed to be paid, the form of such payment, including without limitation, cash or cash equivalents, Stock (including previously owned shares or through a cashless or broker-assisted exercise or other reduction of the amount of shares otherwise issuable pursuant to the Option), other Awards or awards granted under other plans of the Company or any Subsidiary, other property, or any other legal consideration the Committee deems appropriate (including notes or other contractual obligations of Participants to make payment on a deferred basis), and the methods by or forms in which Stock will be delivered or deemed to be delivered to Participants, including, but not limited to, the delivery of Restricted Stock subject to Section 6(d) hereof. In the case of an exercise whereby the Exercise Price is paid with Stock, such Stock shall be valued as of the date of exercise. No Option may be exercisable for a period of more than ten (10) years following the date of grant of the Option (or in the case of an ISO granted to an individual who owns stock comprising more than 10% of the total combined voting power of all classes of stock of the Company or its parent or any Subsidiary, for a period of no more than five (5) years following the date of grant of the ISO). Except as otherwise provided in an Award Agreement, in order to avoid the termination of Nonstatutory Stock Options or SARs following the death of a Participant, any and all outstanding and vested Nonstatutory Stock Options or SARs will be deemed to be exercised on the day immediately prior to the first anniversary of the Participant's death if not exercised before that date to the extent such Nonstatutory Stock Option or SARs are "in the money" as determined by the Committee or its designee.

(iii) ISOs. The terms of any ISO granted under this Plan shall comply in all respects with the provisions of section 422 of the Code. ISOs may only be granted to Eligible Persons who are Employees hereof. Except as otherwise provided in Section 8 hereof, no term of this Plan relating to ISOs (including any SAR in tandem therewith) shall be interpreted, amended or altered, nor shall any discretion or authority granted under this Plan be exercised, so as to disqualify either this Plan or any ISO under section 422 of the Code, unless the Participant has first requested the change that will result in such disqualification. ISOs shall not be granted more than ten (10) years after the earlier of the adoption of this Plan or the Effective Date. Notwithstanding the foregoing, the Fair Market Value of shares of Stock subject to an ISO and the aggregate Fair Market Value of shares of stock of any parent or subsidiary corporation (within the meaning of sections 424(e) and (f) of the Code) subject to any other ISO (within the meaning of section 422 of the Code) of the Company or a parent or subsidiary corporation (within the meaning of sections 424(e) and (f) of the Code) that first becomes purchasable by a Participant in any calendar year may not (with respect to that Participant) exceed \$100,000, or such other amount as may be prescribed under section 422 of the Code or applicable regulations or rulings from time to time. As used in the previous sentence, Fair Market Value shall be determined as of the date the ISOs are granted. Failure to comply with this provision shall not impair the enforceability or exercisability of any Option, but shall cause the excess amount of shares to be reclassified in accordance with the Code.

(c) Stock Appreciation Rights. The Committee is authorized to grant SARs to Eligible Persons on the following terms and conditions:

(i) Right to Payment. An SAR shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, a number of shares of Stock with a Fair Market Value equal to the excess of (A) the Fair Market Value of one share of Stock on the date of exercise over (B) the per share grant price of the SAR as determined by the Committee.

(ii) Grant Price. Each Award Agreement evidencing an SAR shall state the grant price per share of Stock; provided, however, that, except as provided in Section 6(i) or in Section 8 hereof, the grant price per share of Stock subject to an SAR shall not be less than the greater of (A) the par value per share of the Stock or (B) 100% of the Fair Market Value per share of the Stock as of the date of grant of the SAR.

(iii) Time and Method of Exercise. Except as otherwise provided herein, the Committee shall determine, at the date of grant or thereafter, the number of shares of Stock to which the SAR relates, the time or times at which and the circumstances under which an SAR may be vested and/or exercised in whole or in part (including based on achievement of performance goals pursuant to Section 6(j) hereof and/or future service requirements), the method of exercise, method of settlement, method by or forms in which Stock (if any) will be delivered to Participants, and any other terms and conditions of any SAR. SARs may be either

free-standing or in tandem with other Awards. No SAR may be exercisable for a period of more than ten (10) years following the date of grant of the SAR.

(iv) Rights Related to Options. An SAR granted in connection with an Option shall entitle a Participant, upon exercise, to surrender that Option or any portion thereof, to the extent unexercised, and to receive payment of an amount determined by multiplying (A) the difference obtained by subtracting the Exercise Price with respect to a share of Stock specified in the related Option from the Fair Market Value of a share of Stock on the date of exercise of the SAR, by (B) the number of shares as to which that SAR has been exercised. The Option shall then cease to be exercisable to the extent surrendered.

(d) Restricted Stock. The Committee is authorized to grant Restricted Stock to Eligible Persons on the following terms and conditions:

(i) Grant and Restrictions. Restricted Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals pursuant to Section 6(j) hereof and/or future service requirements), in such installments or otherwise, as the Committee may determine at the date of grant or thereafter. During the restricted period applicable to the Restricted Stock, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant.

(ii) Dividends and Splits. Except as otherwise provided in an Award Agreement, Restricted Stock that is issued and outstanding will have voting rights equal to the voting rights accorded to all holders of issued and outstanding Stock; however, in lieu of the right to receive regular cash or stock dividends relative to such Award, a Participant will be entitled to receive Dividend Equivalents providing the Participant with the right to receive a corresponding payment or issuance of Stock whenever the Company pays a dividend on its shares of issued and outstanding Stock, in each case in accordance with, and subject to, the terms of the Plan and the Award Agreement. As a condition to the grant of an Award of Restricted Stock and absent a contrary provision in an Award Agreement, Dividend Equivalents granted in connection with Restricted Stock shall be subject to the same restrictions and risk of forfeiture as the Restricted Stock with respect to which Dividend Equivalents accrue and shall not be paid unless and until such Restricted Stock has vested and been earned. In addition, the Committee may allow a Participant to elect, or may require, that any cash dividends paid on a share of Restricted Stock be automatically reinvested in additional shares of Restricted Stock, applied to the purchase of additional Awards under this Plan or deferred without interest to the date of vesting of the associated Award of Restricted Stock; provided, that, to the extent applicable, any such election is intended to comply with the Nonqualified Deferred Compensation Rules. Unless otherwise determined by the Committee and specified in the applicable Award Agreement, Stock distributed in connection with a Stock split or Stock dividend, and other property (other than cash) distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Stock or other property has been distributed.

(e) Restricted Stock Units. The Committee is authorized to grant Restricted Stock Units to Eligible Persons, subject to the following terms and conditions:

(i) Award and Restrictions. Restricted Stock Units shall be subject to such restrictions and vesting conditions as the Committee may impose, if any, which restrictions and conditions may lapse at a specified time or times or upon a specified event (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, as the Committee may determine.

(ii) Settlement. Settlement of Restricted Stock Units shall occur upon expiration of the restrictions, satisfaction of the vesting conditions or expiration of a later deferral period specified in the Awards for such Restricted Stock Units. Restricted Stock Units shall be satisfied by the delivery of (A) a number of shares of Stock equal to the number of Restricted Stock Units vesting on such date, or (B) cash in an amount equal to the Fair Market Value of the specified number of shares of Stock covered by the vesting Restricted Stock Units, or a combination thereof, as determined by the Committee at the date of grant or thereafter.

(f) Dividend Equivalents. The Committee is authorized to grant Dividend Equivalents to an Eligible Person, entitling the Eligible Person to receive cash, Stock, or other property equal in value to dividends paid with respect to a specified number of shares of Stock, or other periodic payments. Dividend Equivalents may be awarded in connection with any Award (other than an Option, Stock Appreciation Right or Performance Award prior to determination of the number of shares of Stock earned under such Performance Award). The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or at a

later specified date, and if distributed at a later date may be deemed to have been reinvested in additional Stock, or other investment vehicles or accrued in a bookkeeping account without interest, and subject to such restrictions on transferability and risks of forfeiture, as the Committee may specify. With respect to Dividend Equivalents granted in connection with any Award, absent a contrary provision in the Award Agreement, such Dividend Equivalents shall be subject to the same restrictions and risk of forfeiture as the Award with respect to which the dividends accrue and shall not be paid unless and until such Award has vested and been earned.

(g) Other Stock-Based Awards. The Committee is authorized, subject to limitations under applicable law, to grant to Eligible Persons such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Stock, as deemed by the Committee to be consistent with the purposes of this Plan, including without limitation convertible or exchangeable debt securities, other rights convertible or exchangeable into Stock, purchase rights for Stock, Awards with value and payment contingent upon performance of the Company or any other factors designated by the Committee, and Awards valued by reference to the book value of Stock or the value of securities of or the performance of specified Subsidiaries of the Company. The Committee shall determine the terms and conditions of such Other Stock-Based Awards. Stock delivered pursuant to an Other-Stock Based Award in the nature of a purchase right granted under this Section 6(g) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Stock, other Awards, or other property, as the Committee shall determine.

(h) Cash Awards. The Committee is authorized to grant Cash Awards, on a free-standing basis or as an element of or supplement to, or in lieu of, any other Award under this Plan to Eligible Persons in such amounts and subject to such other terms (including the achievement of performance goals pursuant to Section 6(j) hereof and/or future service requirements) as the Committee in its discretion determines to be appropriate.

(i) Substitute Awards; No Repricing. Awards may be granted in substitution or exchange for any other Award granted under the Plan or under another plan of the Company or any other right of an Eligible Person to receive payment from the Company. Awards may also be granted under the Plan in substitution for similar awards held by individuals who become Eligible Persons as a result of a merger, consolidation or acquisition of another entity or the assets of another entity by or with the Company or an Affiliate of the Company. Such Substitute Awards referred to in the immediately preceding sentence that are Options or Stock Appreciation Rights may have an exercise price that is less than the Fair Market Value of a share of Stock on the date of the substitution if such substitution complies with the Nonqualified Deferred Compensation Rules and other applicable laws and exchange rules. Except as provided in this Section 6(i) or in Section 8 hereof, the terms of outstanding Awards may not be amended to reduce the Exercise Price or grant price of outstanding Options or SARs, or to cancel outstanding Options and SARs in exchange for cash, other Awards or Options or SARs with an Exercise Price or grant price that is less than the Exercise Price or grant price of the original Options or SARs, without, in each case, the approval of the stockholders of the Company.

(j) Performance Awards. The Committee is authorized to designate any of the Awards granted under the foregoing provisions of this Section 6 as Performance Awards. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions applicable to a Performance Award, and may exercise its discretion to reduce or increase the amounts payable under any Performance Award, except as limited under Section 6(j)(ii) hereof in the case of a Section 162(m) Award. Performance conditions may differ for Performance Awards granted to any one Participant or to different Participants. The performance period applicable to any Performance Award shall be set by the Committee in its discretion but shall not exceed ten (10) years.

(i) Vesting of Performance Awards. Unless otherwise expressly provided in an Award Agreement, (A) upon a Participant's Separation by reason of the Participant's death or Disability, all Performance Awards granted to the Participant will become fully exercisable and/or vested and non-forfeitable at the 100% target level of such Awards (as defined and/or set forth in the Award Agreement) and (B) for Pre-2018 Awards, upon a Participant's Separation for any reason following the Participant's Retirement Vesting Date, if applicable, all Pre-2018 Performance Awards granted to the Participant more than one (1) year prior to the Participant's Separation will become earned and vested based on the actual performance results certified by the Committee and settled at the time provided in the Participant's Award Agreement related to the Pre-2018 Award. For Pre-2018 Awards, in the event a Participant Separates after the Participant's Retirement Vesting Date, if applicable, but within one (1) year following the date of grant of a Pre-2018 Performance Award, such Pre-2018 Performance Award will be forfeited.

(ii) Section 162(m) Awards. If the Committee determines that a Performance Award granted to a Covered Employee is intended to qualify as a Section 162(m) Award, the grant, exercise, vesting and/or settlement of such Performance Award shall

be contingent upon achievement of a pre-established performance goal or goals and other terms set forth in this Section 6(j)(ii); provided, however, that, nothing in this Section 6(j) or elsewhere in the Plan shall be interpreted as preventing the Committee from granting Awards to Covered Employees that are not intended to constitute Section 162(m) Awards or from determining that it is no longer necessary or appropriate for a Section 162(m) Award to qualify as such. Consistent with the terms of Section 3(b) hereof, when taking any action with respect to Section 162(m) Awards, the Committee shall be made up entirely of Qualified Members. Further, the Committee may not delegate any responsibility relating to an Award intended to qualify as a Section 162(m) Award that would cause the Award to fail to so qualify.

(A) Performance Goals Generally. The performance goals for Section 162(m) Awards shall consist of one or more Performance Criteria and a targeted or relative level or levels of performance with respect to each of such Performance Criteria as specified by the Committee. Performance goals shall be objective and shall otherwise meet the requirements of section 162(m) of the Code and regulations thereunder (including Treasury Regulation §1.162-27 and successor regulations thereto), including the requirement that the level or levels of performance targeted by the Committee must be “substantially uncertain” at the time the Committee actually establishes the performance goal or goals.

(1) Performance Criteria. For purposes of this Plan, “**Performance Criteria**” means one or more of the following, either individually, alternatively or in any combination or derivative thereof, applied to either the Company as a whole or to one or more of its Subsidiaries or business segments, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis, per share basis, per unit of production or reserves basis, or adjusted basis relative to a pre-established target, to results over a previous period or to a designated comparison group, in each case as specified by the Committee in the Award: (i) finding and development costs of oil and gas reserves, development capital expenditures, total capital expenditures or depletion, depreciation and amortization (DD&A); (ii) volumes of oil and gas reserves or adjusted reserves or changes therein; (iii) percentage of production or reserves replaced; (iv) production volumes, production per share, production per share growth, debt adjusted reserve or production growth per share or other production measures (including, but not limited to, adjusted production or production exit rate); (v) lease operating cost (“**LOE**”) measures, or adjusted LOE measures or total production costs; (vi) general and administrative (“**G&A**”) expense or adjusted G&A measures or changes therein; (vii) net asset value (“**NAV**”), NAV per share, PV10 value or changes therein; (viii) return on assets, return on net assets, return on investments or capital efficiency; (ix) revenues or oil and gas sales or changes therein; (x) operating cost measures or reductions; (xi) cash flow measures (including, but not limited to, operating cash flow, adjusted cash flow, cash flow before working capital changes, net cash flow, free cash flow or increases or changes therein, either on an absolute or per share basis); (xii) earnings (including net income, adjusted net income, income before interest and taxes, income before taxes, EBITDA or EBITDAX); (xiii) basic or diluted earnings or cash flow per share, or growth in earnings or earnings per share; (xiv) stock price or change in stock price; (xv) oil price, future oil price, change in oil price or change in future oil price; (xvi) return on equity or average shareholders’ equity; (xvii) total shareholder return, shareholder value, total market or enterprise value and changes therein or changes relative to the average or ranking of a peer group or equity market index; (xviii) return on capital, change in working capital, return on capital employed or Economic Value Added (EVA); (xix) operating income, net operating income, or operating margin; (xx) health, safety and environmental performance; (xxi) the implementation or completion of critical projects, (xxii) levels of debt on an absolute or relative basis; and/or (xxiii) any of the above goals determined pre-tax or post-tax, on an absolute or relative basis, per share or as a ratio with other performance criteria, or as compared to the performance of a published or special index of a Committee approved list of one or more peer companies deemed applicable by the Committee.

(2) Effect of Certain Events. The Committee may, at the time the performance goals in respect of a Section 162(m) Award are established, provide for the manner in which actual performance and performance goals with regard to the Performance Criteria selected will reflect the impact of specified events during the relevant performance period, which may mean excluding the impact of any or all of the following events or occurrences for such performance period: (a) asset write-downs or impairments to assets; (b) litigation, claims, judgments or settlements; (c) the effect of changes in tax law or other such laws or regulations affecting reported results; (d) accruals for reorganization and restructuring programs; (e) any extraordinary, unusual or nonrecurring items; (f) any change in accounting principles as defined in the Accounting Standards Codification Topic 250, as the same may be amended or superseded from time to time; (g) any loss from a discontinued operation as described in the Accounting Standards Codification Topic 360, as the same may be amended or superseded from time to time; (h) goodwill impairment charges; (i) operating results for any business acquired during the calendar year; (j) third party expenses associated with any investment or acquisition by the Company or any Subsidiary; (k) any amounts accrued by the Company or its Subsidiaries pursuant to management bonus plans or cash profit sharing plans and related employer payroll taxes for the fiscal year; (l) any discretionary or matching contributions made to a savings and deferred profit-sharing plan or deferred compensation plan for the fiscal year; (m) interest, expenses, taxes, depreciation and depletion, amortization and accretion charges; and (n) marked-to-market adjustments



for financial instruments. In addition, Section 162(m) Awards may be adjusted by the Committee in accordance with the applicable provisions of Section 8 hereof. The adjustments described in this paragraph shall only be made, in each case, to the extent that such adjustments in respect of a Section 162(m) Award would not cause the Award to fail to qualify as "performance-based compensation" under section 162(m) of the Code.

(B) Timing for Establishing Performance Goals. No later than ninety (90) days after the beginning of any performance period applicable to a Section 162(m) Award, or at such other date as may be required or permitted for "performance-based compensation" under section 162(m) of the Code, the Committee shall establish (i) the Eligible Persons who will be granted Section 162(m) Awards, and (ii) the objective formula used to calculate the amount of cash or Stock payable, if any, under such Section 162(m) Awards, based upon the level of achievement of a performance goal or goals with respect to one or more of the Performance Criteria selected by the Committee.

(C) Performance Award Pool. The Committee may establish an unfunded pool, with the amount of such pool calculated using an objective formula based upon the level of achievement of a performance goal or goals with respect to one or more of the Performance Criteria during the given performance period, as specified by the Committee in accordance with Section 6(j)(ii)(A)(1) hereof. The Committee may specify the amount of the pool as a percentage of any of such Performance Criteria, a percentage in excess of a threshold amount with respect to such Performance Criteria, or as another amount which need not bear a direct relationship to such Performance Criteria but shall be objectively determinable and calculated based upon the level of achievement of pre-established goals with regard to the Performance Criteria.

(D) Settlement or Payout of Awards; Other Terms. Except as otherwise permitted under section 162(m) of the Code, after the end of each performance period and before any Section 162(m) Award is settled or paid, the Committee shall certify the level of performance achieved with regard to each Performance Criteria established with respect to each Section 162(m) Award and shall determine the amount of cash or Stock, if any, payable or issuable with respect to each Section 162(m) Award. The Committee may, in its discretion, reduce the amount of a payment or settlement otherwise to be made in connection with a Section 162(m) Award, but may not exercise discretion to increase any such amount payable to a Covered Employee in respect of an Award intended to be a Section 162(m) Award. In addition, the Committee may not exercise discretion to reduce the amount of any performance award pool allocable to one Covered Employee in a manner that results in an increase in the amount of the pool allocable to any other Covered Employee.

(E) Written Determinations. With respect to each Section 162(m) Award, all determinations by the Committee as to (i) the establishment of performance goals and performance period with respect to the selected Performance Criteria, (ii) the establishment of the objective formula used to calculate the amount of cash or Stock payable or issuable, if any, based on the level of achievement of such performance goals, and (iii) the certification of the level of performance achieved during the performance period with regard to each Performance Criteria selected, shall be made or documented in writing.

(F) Options and SARs. Notwithstanding the foregoing provisions of this Section 6(j)(ii), Options and SARs with an Exercise Price or grant price not less than the Fair Market Value on the date of grant awarded to Covered Employees are intended to be Section 162(m) Awards even if not otherwise contingent upon achievement of a pre-established performance goal or goals with respect to the Performance Criteria.

(iii) Status of Section 162(m) Awards. The terms governing Section 162(m) Awards shall be interpreted in a manner consistent with section 162(m) of the Code and the regulations thereunder, in particular the prerequisites for qualification as "performance-based compensation," and, if any provision of this Plan as in effect on the date of adoption of any Award Agreements relating to Performance Awards that are designated as Section 162(m) Awards does not comply or is inconsistent with the requirements of section 162(m) of the Code and the regulations thereunder, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements.

## **7. Certain Provisions Applicable to Awards.**

### **(a) Limit on Transfer of Awards.**

(i) Except as provided in Section 7(a)(iii) below, each Option and SAR shall be exercisable only by the Participant during the Participant's lifetime, or by the person to whom the Participant's rights shall pass by will or the laws of descent and distribution. Participant may file with the Committee a written designation of beneficiary (such person(s) being the Participant's

**“Beneficiary”**), on such form as may be prescribed by the Committee. Participant may, from time to time, amend or revoke a designation of Beneficiary. In the event that Participant does not file a written designation of Beneficiary, or where such Beneficiary predeceases Participant, the following rules shall apply: (A) the Participant’s beneficiary designation for the basic life insurance benefits provided by the Company shall be deemed to be Participant’s Beneficiary; and (B) in the absence of such basic life insurance beneficiary, or in the event that such basic life insurance beneficiary predeceases the Participant, the Participant’s estate shall be deemed to be Participant’s Beneficiary. Notwithstanding the foregoing, an ISO shall not be transferable other than by will or the laws of descent and distribution.

(ii) Except as provided in Section 7(a)(iii) below or unless otherwise determined by the Committee, no Award and no right under any such Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate.

(iii) An Award may be transferred pursuant to a domestic relations order entered or approved by a court of competent jurisdiction upon delivery to the Company of a written request for such transfer and a certified copy of such order.

(b) Form and Timing of Payment under Awards; Deferrals. Subject to the terms of this Plan and any applicable Award Agreement, payments to be made by the Company or any of its Subsidiaries upon the exercise or settlement of an Award may be made in such forms as the Committee shall determine in its discretion, including, without limitation, cash, Stock, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis (which may be required by the Committee or permitted at the election of the Participant on terms and conditions established by the Committee); provided, however, that, any such deferred or installment payments will be set forth in the Award Agreement and/or otherwise made in a manner that will not result in additional taxes under the Nonqualified Deferred Compensation Rules. Payments may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Stock. This Plan shall not constitute an “employee benefit plan” for purposes of section 3(3) of the Employee Retirement Income Security Act of 1974, as amended.

(c) Evidencing Stock. The Stock or other securities of the Company delivered pursuant to an Award may be evidenced in any manner deemed appropriate by the Committee in its sole discretion, including, but not limited to, in the form of a certificate issued in the name of the Participant or by book entry, electronic or otherwise and shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Stock or other securities are then listed, and any applicable federal, state or other laws, and the Committee may cause a legend or legends to be inscribed on any such certificates to make appropriate reference to such restrictions. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, related to the Restricted Stock.

(d) Consideration for Grants. Awards may be granted for such consideration, including services, as the Committee shall determine, but shall not be granted for less than the minimum lawful consideration.

(e) Additional Agreements. Each Eligible Person to whom an Award is granted under this Plan may be required to agree in writing, as a condition to the grant of such Award or otherwise, to subject an Award that is exercised or settled following such Eligible Person’s Separation to a general release of claims and/or a noncompetition or other restricted covenant agreement in favor of the Company and its Affiliates, with the terms and conditions of such agreement(s) to be determined in good faith by the Committee.

(f) Termination of Service. Except as provided herein, the treatment of an Award upon a Separation by a Participant shall be specified in the applicable Award Agreement or in any separation agreement entered into between the Participant and the Company or its Subsidiaries.

## **8. Amendment; Subdivision or Consolidation; Recapitalization; Change of Control; Reorganization.**

(a) Amendments to the Plan and Awards. The Board may amend, alter, suspend, discontinue or terminate this Plan or the Committee's authority to grant Awards under this Plan without the consent of stockholders or Participants, except that any amendment or alteration to this Plan, including any increase in any share or dollar limitation, shall be subject to the approval of the Company's stockholders not later than the annual stockholders' meeting next following such Board action if such stockholder approval is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Stock may then be listed or quoted, and the Board may otherwise, in its discretion, determine to submit other such changes to this Plan to stockholders for approval; provided, that, no amendment or suspension of this Plan or any Award issued hereunder shall, except as specifically permitted in this Plan or under the terms of such Award, substantially impair any Award previously granted to any Participant without the consent of such Participant. The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award theretofore granted and any Award Agreement relating thereto, except as otherwise provided in this Plan or in the applicable Award Agreement; provided, however, that, without the consent of an affected Participant, no such Committee action may materially and adversely affect the rights of such Participant under such Award. For purposes of clarity, any adjustments made to Awards pursuant to Section 8(b) through 8(g) hereof will be deemed not to materially and adversely affect the rights of any Participant under any previously granted and outstanding Award and therefore may be made without the consent of affected Participants.

(b) Existence of Plans and Awards. The existence of this Plan and the Awards granted hereunder shall not affect in any way the right or power of the Company, the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's or any Subsidiary's capital structure or its business, any merger or consolidation of the Company or its Subsidiaries, any issue of debt or equity securities ahead of or affecting Stock or the rights thereof, the dissolution or liquidation of the Company or its Subsidiaries, or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding. In no event will any action taken by the Committee pursuant to this Section 8 result in the creation of deferred compensation within the meaning of the Nonqualified Deferred Compensation Rules.

(c) Subdivision or Consolidation of Shares. The terms of an Award and the share limitations under the Plan shall be subject to adjustment by the Committee from time to time, in accordance with the following provisions:

(i) If at any time, or from time to time, the Company shall subdivide as a whole (by reclassification, by a Stock split, by the issuance of a distribution on Stock payable in Stock, or otherwise) the number of shares of Stock then outstanding into a greater number of shares of Stock, or in the event the Company distributes an extraordinary cash dividend, then, as appropriate (A) the maximum number of shares of Stock available for the Plan or in connection with Awards as provided in Sections 4 and 5 hereof shall be increased proportionately (or as appropriate to reflect an extraordinary cash dividend), and the kind of shares or other securities available for the Plan shall be appropriately adjusted, (B) the number of shares of Stock (or other kind of shares or securities) that may be acquired under any then outstanding Award shall be increased proportionately, and (C) the price (including the Exercise Price or grant price) for each share of Stock (or other kind of shares or securities) subject to then outstanding Awards shall be reduced proportionately, without changing the aggregate purchase price or value as to which outstanding Awards remain exercisable or subject to restrictions.

(ii) If at any time, or from time to time, the Company shall consolidate as a whole (by reclassification, by reverse Stock split, or otherwise) the number of shares of Stock then outstanding into a lesser number of shares of Stock, then, as appropriate (A) the maximum number of shares of Stock available for the Plan or in connection with Awards as provided in Sections 4 and 5 hereof shall be decreased proportionately, and the kind of shares or other securities available for the Plan shall be appropriately adjusted, (B) the number of shares of Stock (or other kind of shares or securities) that may be acquired under any then outstanding Award shall be decreased proportionately, and (C) the price (including the Exercise Price or grant price) for each share of Stock (or other kind of shares or securities) subject to then outstanding Awards shall be increased proportionately, without changing the aggregate purchase price or value as to which outstanding Awards remain exercisable or subject to restrictions.

(iii) Whenever the number of shares of Stock subject to outstanding Awards and the price for each share of Stock subject to outstanding Awards are required to be adjusted as provided in this Section 8(c), the Committee shall prepare a notice setting forth, in reasonable detail, the event requiring adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the change in price and the number of shares of Stock, other securities, cash, or property

purchasable subject to each Award after giving effect to the adjustments. The Committee shall provide each affected Participant with such notice.

(d) Recapitalization. If the Company recapitalizes, reclassifies its capital stock, or otherwise changes its capital structure (a "**recapitalization**") without the occurrence of a Change of Control, the number and class of shares of Stock covered by an Award theretofore granted shall be adjusted so that such Award shall thereafter cover the number and class of shares of Stock and securities to which the Participant or permitted transferee would have been entitled pursuant to the terms of the recapitalization if, immediately prior to the recapitalization, the Participant or permitted transferee had been the holder of record of the number of shares of Stock then covered by such Award and the share limitations provided in Sections 4 and 5 hereof shall be adjusted in a manner consistent with the recapitalization.

(e) Additional Issuances. Except as expressly provided herein, the issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Stock subject to Awards theretofore granted or the purchase price per share of Stock, if applicable.

(f) Change of Control and Other Events. Unless otherwise expressly provided in an Award Agreement, in the event of a Change of Control all Awards shall become fully exercisable and/or vested and nonforfeitable. In addition, and notwithstanding any other provisions of the Plan or an Award Agreement to the contrary, effective upon a Change of Control or changes in the outstanding Stock by reason of a recapitalization, reorganization, merger, consolidation, combination, exchange or other relevant change in capitalization occurring after the date of the grant of any Award and not otherwise provided for by this Section 8, the Committee, acting in its sole discretion without the consent or approval of any Participant or permitted transferee, may effect one or more of the following alternatives, which may vary among individual Participants or permitted transferees and which may vary among Options, SARs or other Awards held by any individual Participant or permitted transferee: (i) accelerate the time of exercisability of an Award so that such Award may be exercised in full or in part for a limited period of time on or before a date specified by the Committee, before or after such Change of Control, after which specified date all unexercised Awards and all rights of Participants or permitted transferees thereunder shall terminate; (ii) provide for a cash payment with respect to outstanding Awards by requiring the mandatory surrender to the Company by selected Participants or permitted transferees of some or all of the outstanding Awards held by such Participants or permitted transferees (irrespective of whether such Awards are then vested or exercisable pursuant to the Plan) as of a date, before or after such Change of Control, specified by the Committee, in which event the Committee shall thereupon cancel such Awards (with respect to all shares subject to such Awards) and pay to each Participant or permitted transferee an amount of cash (or other consideration including securities or other property) per Award (other than a Dividend Equivalent payable in cash or a Cash Award) equal to the Change of Control Price (as defined in Section 8(g) below), less the Exercise Price with respect to an Option and less the grant price with respect to an SAR, as applicable to such Awards; provided, however, that, to the extent the Exercise Price of an Option or the grant price of a SAR exceeds the Change of Control Price, such Award may be canceled for no consideration; or (iii) make such adjustments to Awards then outstanding as the Committee deems appropriate to reflect such pending or effective Change of Control (including, but not limited to, (x) the substitution, assumption, or continuation of Awards by the successor company or a parent, subsidiary or affiliate thereof for new awards of that successor, and (y) the adjustment as to the number and price of shares of Stock or equity of the successor entity or other consideration subject to such Awards); provided, however, that, the Committee may determine in its sole discretion that no adjustment is necessary to Awards then outstanding.

(g) Change of Control Price. The "**Change of Control Price**" means (i) if the Change of Control is the result of a tender or exchange offer for, consolidation or merger of, sale of all or substantially all of the assets of, or the liquidation or dissolution of, the Company, the consideration per share of Stock received by the shareholders in connection with such transaction, or, if (i) is not applicable, (ii) the highest Fair Market Value of a share of Stock during the sixty (60) day period prior to and including the date of a Change of Control. To the extent that the consideration paid in any such transaction described in (i) above consists all or in part of securities or other non-cash consideration, the value of such securities and other non-cash consideration shall be the fair cash equivalent as determined by such reasonable methods or procedures as shall be established by the Committee.

## 9. General Provisions.

(a) Tax Withholding. The Company and any of its Subsidiaries are authorized to withhold from any Award granted, or any payment relating to an Award under this Plan, including from a distribution or issuance of Stock, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Company may deem advisable to enable the Company, its Subsidiaries and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. The Committee shall determine, in its sole discretion, the form of payment acceptable for such tax withholding obligations, including, without limitation, the delivery of cash or cash equivalents, Stock (including previously owned shares, net settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to the Award), other property, or any other legal consideration the Committee deems appropriate; provided however, any Participant may elect to pay taxes with shares of Stock through net settlement or previously owned shares. If such tax obligations are satisfied through the withholding of shares of Stock that are otherwise issuable to the Participant pursuant to an Award (or through the surrender of shares of Stock by the Participant to the Company), the number of shares of Stock that may be so withheld (or surrendered) shall be limited to the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such tax liabilities determined based on the applicable minimum statutory withholding rates for federal, state, foreign and/or local tax purposes, including payroll taxes, or other withholding rate as determined by the Committee in its discretion if determined not to be detrimental to the Company or Participant.

(b) Limitation on Rights Conferred under Plan. Neither this Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or any of its Subsidiaries, (ii) interfering in any way with the right of the Company or any of its Subsidiaries to terminate any Eligible Person's or Participant's employment or service relationship at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under this Plan or to be treated uniformly with other Participants and/or Employees and/or other service providers, or (iv) conferring on a Participant any of the rights of a stockholder of the Company unless and until the Participant is duly issued or transferred shares of Stock in accordance with the terms of an Award.

(c) Governing Law. All questions arising with respect to the provisions of the Plan and Awards Agreements shall be determined by application of the laws of the State of Delaware, without giving effect to any conflict of law provisions thereof. The obligation of the Company to sell and deliver Stock hereunder is subject to applicable federal and state securities laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Stock.

(d) Severability and Reformation. If any provision of the Plan or any Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable law or, if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award and the remainder of the Plan and any such Award shall remain in full force and effect. With respect to Incentive Stock Options, if this Plan does not contain any provision required to be included herein under section 422 of the Code, that provision shall be deemed to be incorporated herein with the same force and effect as if that provision had been set out at length herein; provided, further, that, to the extent any Option that is intended to qualify as an Incentive Stock Option cannot so qualify, that Option (to that extent) shall be deemed a Nonstatutory Stock Option for all purposes of the Plan.

(e) Unfunded Status of Awards; No Trust or Fund Created. This Plan is intended to constitute an "unfunded" plan for certain incentive awards. Neither the Plan nor any Award Agreement shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments or Stock from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any general unsecured creditor of the Company or such Affiliate.

(f) Nonexclusivity of this Plan. Neither the adoption of this Plan by the Board nor its submission to the stockholders of the Company for approval (as applicable) shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements (including bonuses) as it may deem desirable, including incentive arrangements and awards which do not constitute "performance-based compensation" under section 162(m) of the Code. Nothing contained in this Plan shall be construed to prevent the Company or any of its Subsidiaries from taking any corporate action which is deemed by the Company or such Subsidiary to be appropriate or in its best interest, whether or not such action would have an

adverse effect on this Plan or any Award made under this Plan. No employee, beneficiary or other person shall have any claim against the Company or any of its Subsidiaries as a result of any such action.

(g) Fractional Shares. No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine in its sole discretion whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional shares of Stock or whether such fractional shares of Stock or any rights thereto shall be canceled, terminated, or otherwise eliminated with or without consideration.

(h) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

(i) Facility of Payment. Any amounts payable hereunder to any individual under legal disability or who, in the judgment of the Committee, is unable to manage properly his or her financial affairs, may be paid to the legal representative of such individual, or may be applied for the benefit of such individual in any manner that the Committee may select, and the Company shall be relieved of any further liability for payment of such amounts.

(j) Gender and Number. Words in the masculine gender shall include the feminine gender, the plural shall include the singular and the singular shall include the plural.

(k) Conditions to Delivery of Stock. Nothing herein or in any Award Agreement shall require the Company to issue any shares with respect to any Award if that issuance would, in the opinion of counsel for the Company, constitute a violation of the Securities Act or any similar or superseding statute or statutes, any other applicable statute or regulation, or the rules of any applicable securities exchange or securities association, as then in effect. In addition, each Participant who receives an Award under this Plan shall not sell or otherwise dispose of Stock that is acquired upon grant or vesting of an Award in any manner that would constitute a violation of any applicable federal or state securities laws, the Plan or the rules, regulations or other requirements of the Securities and Exchange Commission or any stock exchange upon which the Stock is then listed. At the time of any exercise of an Option or Stock Appreciation Right, or at the time of any grant of any other Award, the Company may, as a condition precedent to the exercise of such Option or Stock Appreciation Right or settlement of any other Award, require from the Participant (or in the event of his or her death, his or her legal representatives, heirs, legatees, or distributees) such written representations, if any, concerning the Participant's or permitted transferee's intentions with regard to the retention or disposition of the shares of Stock being acquired pursuant to the Award and such written covenants and agreements, if any, as to the manner of disposal of such shares as, in the opinion of counsel to the Company, may be necessary to ensure that any disposition by that holder (or in the event of the holder's death, his or her legal representatives, heirs, legatees, or distributees) will not involve a violation of the Securities Act or any similar or superseding statute or statutes, or any rule of any applicable securities exchange or securities association, as then in effect. Stock or other securities shall not be delivered pursuant to any Award until payment in full of any amount required to be paid pursuant to the Plan or the applicable Award Agreement (including, without limitation, any Exercise Price, grant price, or tax withholding) is received by the Company.

(l) Section 409A of the Code. It is the general intention, but not the obligation, of the Committee to design Awards to comply with or to be exempt from the Nonqualified Deferred Compensation Rules, and Awards will be operated and construed accordingly. Neither this Section 9(l) nor any other provision of the Plan is or contains a representation to any Participant regarding the tax consequences of the grant, vesting, exercise, settlement, or sale of any Award (or the Stock underlying such Award) granted hereunder, and should not be interpreted as such. It is the intention of the Company that no Award shall be "deferred compensation" subject to the Nonqualified Deferred Compensation Rules, unless and to the extent that the Committee or its delegate specifically determines otherwise, and the Plan and the terms and conditions of all Awards shall be interpreted accordingly. The terms and conditions governing any Awards that the Committee or its delegate determines will be subject to the Nonqualified Deferred Compensation Rules, including any rules for elective or mandatory deferral of the delivery of cash or Shares pursuant thereto and any rules regarding treatment of such Awards in the event of a Change of Control, shall be set forth in the applicable Award Agreement, deferral election forms and procedures, and rules established by the Committee or its delegate, and shall comply in all respects with the Nonqualified Deferred Compensation Rules. The following rules will apply to Awards that constitute (or at any time are deemed to constitute) a deferral of compensation under Nonqualified Deferred Compensation Rules ("**409A Awards**"):

(i) If a Participant is permitted to elect to defer an Award or any payment under an Award, such election will be permitted only at times in compliance with the Nonqualified Deferred Compensation Rules.

(ii) The Company shall have no authority to accelerate distributions relating to 409A Awards in excess of the authority permitted under the Nonqualified Deferred Compensation Rules.

(iii) If an Award is subject to the Nonqualified Deferred Compensation Rules, "**Separation**" means "separation from service" as defined in the Nonqualified Deferred Compensation Rules whenever any payment or settlement of an Award conferred under this Plan is to be made upon Separation and is subject to such rules. For such purposes, "separation from service" of an Employee shall be determined based upon a reduction in the bona fide level of services performed to a level equal to twenty percent (20%) or less of the average level of services performed by the Employee during the immediately preceding 36-month period.

(iv) Any distribution of a 409A Award following a Separation that would be subject to Section 409A(a)(2)(A)(i) of the Code as a distribution following a separation from service of a "specified employee" as defined under Section 409A(a)(2)(B)(i) of the Code, shall occur no earlier than the expiration of the six-month period following such Separation or upon such Participant's death, if earlier.

(v) If distribution or settlement of a 409A Award is to be made upon the Participant's Disability "**Disability**" means "disability" as such term is defined in the Nonqualified Deferred Compensation Rules.

(vi) If a Change of Control occurs which does not constitute a "change of control" as defined in the Nonqualified Deferred Compensation Rules, 409A Awards shall be subject to the same treatment as other Awards under the Plan (except as otherwise provided in the Award Agreement of the 409A Award), including accelerated vesting, settlement for cash, substitution, assumption or continuation, as applicable, but the payment or distribution to the Participant with respect to such Award shall not occur upon the Change of Control if such payment or distribution would violate the Nonqualified Deferred Compensation Rules. In such event, the amount or property due in settlement of the Award shall not be paid or distributed to the Participant until the earliest time or upon the first event, whichever occurs first, that is a permitted distributable event under the Nonqualified Deferred Compensation Rules and the terms of the Award. If such event will not occur until more than 90 days after the Change of Control, the amount or property to which the Participant is entitled shall be deposited by the Company within 30 days after the Change of Control into an irrevocable grantor trust of a type commonly referred to as a "rabbi trust," with an independent trustee, until distributable to the Participant. The Company shall bear all of the costs associated with the establishment and administration of such trust.

(vii) In the case of any distribution of a 409A Award, if the timing of such distribution is not otherwise specified in the Plan or an Award Agreement or other governing document, the distribution shall be made not later than the end of the calendar year during which the settlement of the 409A Award is specified to occur.

(viii) In the case of an Award providing for distribution or settlement upon vesting or the lapse of a risk of forfeiture, if the time of such distribution or settlement is not otherwise specified in the Plan or an Award Agreement or other governing document, the distribution or settlement shall be made not later than March 15 of the year following the year in which the Award vested or the risk of forfeiture lapsed.

(ix) Notwithstanding anything herein to the contrary, in no event shall the Company or the Committee be liable for the payment of, or any gross up payment in connection with, any taxes or penalties owed by a Participant pursuant to Section 409A of the Code.

(m) Clawback. This Plan is subject to any written clawback policies that the Company, with the approval of the Board (or any committee of the Board), may adopt. Any such policy may subject a Participant's Awards and amounts paid or realized with respect to Awards under this Plan to reduction, cancelation, forfeiture or recoupment if certain specified events or wrongful conduct occur, including but not limited to an accounting restatement due to the Company's material noncompliance with financial reporting regulations or other events or wrongful conduct specified in any such clawback policy adopted to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and rules promulgated thereunder by the Securities and Exchange Commission and that the Company determines should apply to this Plan.

(n) Effect on Outstanding Awards. Awards issued under the Prior Plan shall be subject to the terms of the Prior Plan unless such application substantially impairs the rights of any Participant with respect to such an outstanding Award. In that event, the terms of the Prior Plan shall continue to apply to the extent necessary to avoid such substantial impairment or as required under the terms of the applicable Award Agreement. Notwithstanding the foregoing, the terms of the Plan (as amended and restated) shall apply to any outstanding Award as of the Effective Date if the Committee or its delegate determines in its sole discretion that such application either (i) is required or advisable in order for the Company, the Plan or the Award to satisfy any applicable law or to meet the requirements of any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been adequately compensated, except that the exception in this clause (ii) shall not apply following a Change of Control.

(o) Plan Effective Date and Term. This Plan was adopted by the Board on March 29, 2018 (the “**Effective Date**”). No Awards may be granted under this Plan on and after May 24, 2027; however, any Award granted prior to such termination date, and the authority of the Board or Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under such Award in accordance with the terms of this Plan, shall extend beyond such termination date until the final disposition of such Award.



\$\_\_\_\_\_ Maximum Performance Cash

Date of Grant: March 12, 2018

**2018 TSR PERFORMANCE AWARD  
(CASH PORTION)**

**2004 OMNIBUS STOCK AND INCENTIVE PLAN**

**DENBURY RESOURCES INC.**

This **TSR PERFORMANCE AWARD** (this "**Award**") is made effective on March 12, 2018 (the "**Date of Grant**") by Denbury Resources Inc. (the "**Company**") in favor of \_\_\_\_\_ ("**Holder**").

**WHEREAS**, in accordance with the Company's Amended and Restated 2004 Omnibus Stock and Incentive Plan (the "**Plan**"), the Committee may grant performance-based Awards;

**WHEREAS**, the Committee desires to grant to Holder an Award under which Holder can earn Performance Cash based on the Performance Criteria, subject to all of the provisions, including without limitation the vesting provisions, of the Plan and of this Award;

**WHEREAS**, no Performance Cash will be paid until the Vesting Date; 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 Cash Grant.** The Company hereby grants Holder the right to earn and vest in up to a maximum of \$\_\_\_\_\_ (the "**Performance Cash**"). On the Delivery Date, the Performance Cash entitles the Holder to receive a lump sum payment of cash equal to the amount of Earned Performance Cash up to and including the Maximum Performance Cash.
2. **Definitions.** All terms capitalized herein that are defined in the Plan shall have the meaning assigned to them in the Plan; other capitalized terms shall have the following meaning, or shall be defined elsewhere in this Award:
  - (a) "**Annual TSR**" means, for each Calendar Year in the Performance Period, 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 for such Calendar Year.
  - (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 on January 1 and ending on and including December 31 for the Company and each Peer Company.
  - (d) "**Closing Price**" means the last reported sales price of the primary common equity security of the Company and each Peer Company, as reported by the national exchange upon which such security is traded; provided, however, in the event the primary common equity security of the Company or

a Peer Company is not traded on a national exchange at the time of such determination, “Closing Price” will be the price determined by the Committee in good faith based upon a review of the facts and circumstances available to the Committee at the time of determination.

- (e) “**Delivery Date**” means (i) if **Sections 6(b), 7(b)(i) or 7(b)(ii)** apply, the date on which Performance Cash is paid to Holder which shall be no later than the dates set forth in **Section 6(b) or 7(b)(i) or 7(b)(ii)**, as applicable, or (ii) if **Sections 6(b) or 7(b)(i) or 7(b)(ii)** do not apply, the date on which Earned Performance Cash is paid to Holder, which shall be no later than April 30, 2021 (*i.e.*, 30 days following a March 31, 2021 Vesting Date).
- (f) “**Earned Performance Cash**” means the amount of Performance Cash which is earned during the Performance Period as described and calculated in **Section 6**.
- (g) “**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; provided, that, in the event of a Change of Control, the “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 effective date of such Change of Control.
- (h) “**Maximum Performance Cash**” means the maximum amount of Performance Cash which may be earned under this Award if there are no adjustments under **Section 5** in the amount of Performance Cash earned.
- (i) “**Peer Company**” means each of the companies listed on **Appendix A** hereto, as adjusted pursuant to **Appendix A**.
- (j) “**Performance Criteria**” means the Total Shareholder Return measure defined in **Section 4** for the Performance Period.
- (k) “**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(e), subject to adjustment under Sections 5 and 12.
- (l) “**Performance Period**” means the three-year period beginning on the first day of the first Calendar Year in the Performance Period and ending on and including December 31 of the last Calendar Year in the Performance Period; provided, that, in the event of a Change of Control, the Performance Period will end on the effective date of such Change of Control.
- (m) “**Post Separation Change of Control**” means a Change of Control with an effective date following Holder’s Separation, but where such Separation resulted from the Commencement of a Change of Control prior to Holder’s Separation. For all purposes of this Award, the term “**Commencement of a Change of 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 of Control involving such person, group, or their affiliates.
- (n) “**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 Calendar Year in the Performance Period.

- (o) **“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.
- (p) **“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(a)(ii)** 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 of Control).
- (q) **“Vesting Date”** means March 31, 2021 or the effective date of any earlier (i) Change of Control pursuant to **Section 6(b)** or (ii) death or Disability pursuant to **Sections 7(b)(i)** or **7(b)(ii)**, as applicable.
3. **Performance Cash as a Contingent Right.** Performance Cash represents a contingent right to receive a specified amount of cash, subject to the terms and conditions of this Award and the Plan; provided, that, the amount of Performance Cash that becomes Earned Performance Cash may range from 0% to 100% of the amount of Maximum Performance Cash.

4. **Performance Percentage Earned With Respect to Total Shareholder Return Measure.**

- (a) Total Shareholder Return shall be calculated for the periods specified below as follows:

(i) 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:

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

(ii) For any Calendar Year in which a Change of Control 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:

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

- (b) 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. Once calculated for the Company and for each Peer Company, the exact percentage of the Company and each Peer Company’s respective Three-Year Average TSR shall be listed in Column 3 of the table below in descending order of their respective Three-Year Average TSR from the highest percentage to the lowest percentage.
- (c) Column 2 of the table below shall reflect each such company’s name.

- (d) The percentages in Column 4 of the table below are based upon increments derived by dividing 100% by 17 (the number of 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 (for example, if at the end of the Performance Period there were 16 Peer Companies, then the 5.9% increment currently shown in Column 4 would become 6.3%).
- (e) The Company's earned Performance Percentage will be that percentage shown in Column 5 (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 18 Companies, being ranked as seventh would equal a Performance Percentage of 29%). The earned Performance Percentage will be adjusted to reflect adjustments made to the percentages in Column 4, if any, pursuant to **Section 4(d)** above; provided, however, that if the Actual Three-Year Average TSR for the Company is less than 0%, the earned Performance Percentage will be 0%, regardless of the Company's ranking in Column 1.

Column 1	Column 2	Column 3	Column 4	Column 5
Ranking	Company Name	Actual Three-Year Average TSR (expressed as a %)	Scale of Three-Year Average TSR for 18 Companies (expressed as a %)	Performance Percentage Scale (subject to interpolation)
1			100.0%	100%
2			94.1%	88%
3			88.2%	76%
4			82.4%	65%
5			76.5%	53%
6			70.6%	41%
7			64.7%	29%
8			58.8%	18%
9			52.9%	6%
10			47.1%	0%
11			41.2%	0%
12			35.3%	0%
13			29.4%	0%
14			23.5%	0%
15			17.6%	0%
16			11.8%	0%
17			5.9%	0%
18			0.0%	0%

5. **Committee's Adjustment of Performance Percentage.** Notwithstanding any provision hereof or in the Plan to the contrary, the Committee, in its sole discretion, by Committee resolution passed prior to the Vesting Date, may adjust Holder's otherwise earned Performance Percentage in an amount (if any) determined by the Committee based upon its subjective evaluation; provided, that, any adjustment 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 otherwise earned during the Performance Period.

**6. Earned Performance Cash.**

(a) Earned Performance Cash. The amount of Earned Performance Cash shall be equal to the product of (i) the Maximum Performance Cash 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. 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 of Control provisions of **Section 6(b)** below.

(b) Change of Control. Notwithstanding the foregoing and any other provision hereof to the contrary, if a Change of Control of the Company occurs during the Performance Period then, regardless of the Performance Percentage at the effective date of the Change of Control, the Performance Period will end on the effective date of the Change of Control and the performance for the partial year will be annualized as set out in **Section 4(a)(ii)** above and averaged with the Annual TSR calculated for any prior completed Calendar Year to determine Earned Performance Cash, which Holder will be entitled to receive on the effective date of the Change of 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 of Control occurs, and Holder permanently shall forfeit the right to receive any other Performance Cash under this Award.

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

(a) No Separation Prior to the Vesting Date. If Holder does not experience a Separation prior to the Vesting Date, Holder will be 100% vested in the Earned Performance Cash.

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

(i) Death. If Holder experiences a Separation by reason of death prior to the last day of the Performance Period, Holder's Beneficiary (as defined in **Section 11**) will not be entitled to receive any amount of Performance Cash pursuant to this Award. If Holder experiences a Separation 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 amount of Earned Performance Cash based on the calculation in **Section 6** herein (and does not have any right to receive any other Performance Cash pursuant to this Award) as soon as reasonably possible, but in no event more than 60 days after the Vesting Date.

(ii) Disability. If Holder experiences a Separation by reason of Disability prior to the last day of the Performance Period, neither Holder nor Holder's Beneficiary, as applicable, will be entitled to receive any amount of Performance Cash pursuant to this Award. If Holder experiences a Separation 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 amount of Earned Performance Cash based on the calculation in **Section 6** herein (without any right to receive any other Performance Cash pursuant to this Award) as soon as reasonably possible, but in no event more than 60 days after the Vesting Date.

(iii) Post Separation Change of Control. If there is a Post Separation Change of Control, whereby Holder experiences such Separation prior to the last day of the Performance Period, Holder will not be entitled to receive any amount of Performance Cash pursuant to this Award. If there is a Post Separation Change of Control, whereby Holder experiences such Separation on or after the last day of the Performance Period, Holder will be entitled to receive the amount of Earned Performance Cash based on the calculation in **Section 6** herein (without any right to receive any other Performance Cash pursuant to this Award) as soon as reasonably possible after the date of the Change of Control, but in no event more than 60 days after the Vesting Date.

8. **Withholding**. If and when any portion of this Award becomes taxable, 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, shall be paid to the Company in cash, which cash may be withheld from this Award.

9. **[Intentionally Left Blank]**.

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 this Award; adopt such rules and regulations for carrying out this Award as it may deem advisable; decide conclusively all questions of fact arising in the application of this Award; certify the extent to which the Performance Criteria has been satisfied and the Performance Percentage earned; exercise its right to adjust the Performance Percentage; and make all other determinations and take all other actions necessary or desirable for the administration of this Award. The Committee is authorized to change any of the terms or conditions of this 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 this 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 an administrator; provided, that, the determinations under, and the interpretations of, any provision of this 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 Committee a written designation of beneficiary (such person(s) being the Holder's "**Beneficiary**"), on such form as may be prescribed by the Committee. Holder may, from time to time, amend or revoke a designation of Beneficiary. In the event that Holder does not file a written designation of Beneficiary, or where such Beneficiary predeceases the Holder, the following rules shall apply: (i) the Holder's beneficiary designation for the basic life insurance benefits provided by the Company shall be Holder's Beneficiary; and (ii) in the absence of such basic life insurance beneficiary, or in the event that such basic life insurance beneficiary predeceases the Holder, the Holder's estate shall be deemed to be Holder's Beneficiary.

12. **Adjustments in this Award**. 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 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, appropriate adjustments may be made to this Award in a manner deemed equitable by the Committee.

13. **Holder's Access to Information**. As soon as reasonably possible after the close of a Calendar Year, the Committee shall make all relevant annually determined calculations and determinations hereunder

with respect to such Calendar Year, and will furnish (or cause to be furnished) 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 Earned Performance Cash.

**15. No Right To Continued Employment.** Neither the Plan nor this Award, nor any terms contained therein or herein, 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 constitute a commitment of any kind with respect to the duration of Holder's at will employment with the Company, nor interfere in any way with the Company's right to terminate Holder's at will 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.

**20. Clawback.** The Performance Cash covered by this Award is subject to any written clawback policies that the Company, with the approval of the Board, may adopt. Any such policy may subject the Performance Cash issued or to be issued hereunder to reduction, cancelation, forfeiture or recoupment if certain specified events or wrongful conduct occur, including, but not limited to, an accounting restatement due to the Company's material noncompliance with financial reporting regulations or other events or wrongful conduct specified in any such clawback policy adopted to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and rules promulgated thereunder by the Securities and Exchange Commission, and that the Company determines should apply to the Performance Cash.

**21. Section 409A of the Code.** It is the intention of the Committee that this Award is exempt from the Nonqualified Deferred Compensation Rules as a short-term deferral (within the meaning of such rules), and, as such, that this Award will be operated and construed accordingly. Neither this Section 21 nor any other provision of this Award or the Plan is or contains a representation to the Holder regarding the tax consequences of the grant, vesting, or settlement of this Award, and should not be interpreted as such.

**22. Plan is Controlling.** In the event of a conflict between the terms of the Plan and the terms of this Award, the terms of the Plan are controlling; provided, that, in the event the terms of this Award provide greater specificity as to certain aspects of this Award which are also covered by the Plan, such terms and specificity shall not constitute a conflict with the terms of the Plan.

*[Signature pages to follow]*

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

**DENBURY RESOURCES INC.**

By:

\_\_\_\_\_  
Christian S. Kendall  
President and Chief Executive Officer

\_\_\_\_\_  
Mark C. Allen  
Executive 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 this 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.

Effective as of the Date of Grant.

---

**Holder Signature**

## Appendix A

### Peer Companies

California Resources Corporation (CRC)  
Carrizo Oil & Gas, Inc. (CRZO)  
Continental Resources Inc. (CLR)  
Crescent Point Energy Corp. (CPG)  
EP Energy Corp-CLA (EPE)  
Laredo Petroleum, Inc. (LPI)  
MEG Energy Corporation (MEG.TO)  
Murphy Oil Corporation (MUR)  
Newfield Exploration Co (NFX)  
Oasis Petroleum, Inc. (OAS)  
Occidental Petroleum Corporation (OXY)  
PDC Energy Inc. (PDCE)  
RSP Permian, Inc. (RSPP)  
Sanchez Energy Corporation (SN)  
SM Energy Company (SM)  
Whiting Petroleum Corporation (WLL)  
WPX Energy, Inc. (WPX)

In the event that a Peer Company is acquired and ceases to have its primary common equity security listed or publicly traded, such company will be removed as a Peer Company for the purposes of calculating achievement of the Performance Percentage. In the event that a Peer Company is forced to delist from the securities exchange upon which it was traded due to low stock price or other reasons or files for bankruptcy, then that company will remain a Peer Company and it shall occupy the last position (or positions, if there are more than one such companies) in the TSR ranking.

\_\_\_\_\_Maximum Performance Shares

Date of Grant: March 12, 2018

**2018 TSR PERFORMANCE AWARD  
(EQUITY PORTION)**

**2004 OMNIBUS STOCK AND INCENTIVE PLAN**

**DENBURY RESOURCES INC.**

This **TSR PERFORMANCE AWARD** (this “**Award**”) is made effective on March 12, 2018 (the “**Date of Grant**”) by Denbury Resources Inc. (the “**Company**”) in favor of \_\_\_\_\_ (“**Holder**”).

**WHEREAS**, in accordance with the Company’s Amended and Restated 2004 Omnibus Stock and Incentive Plan (the “**Plan**”), the Committee may grant performance-based Awards;

**WHEREAS**, the Committee desires to grant to Holder an Award under which Holder can earn Performance Shares based on the Performance Criteria, 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; 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 Stock Unit Grant.** The Company hereby grants Holder the right to earn and vest in up to a maximum of [\_\_\_\_\_] Performance Stock Units (the “**PSUs**”). On the Delivery Date, the PSUs entitle the Holder to receive shares of Stock (the “**Performance Shares**”) equal to the number of Earned Performance Shares up to and including the Maximum Performance Shares.
2. **Definitions.** All terms capitalized herein that are defined in the Plan shall have the meaning assigned to them in the Plan; other capitalized terms shall have the following meaning, or shall be defined elsewhere in this Award:
  - (a) “**Annual TSR**” means, for each Calendar Year in the Performance Period, 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 for such Calendar Year.
  - (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 on January 1 and ending on and including December 31 for the Company and each Peer Company.
  - (d) “**Closing Price**” means the last reported sales price of the primary common equity security of the Company and each Peer Company, as reported by the national exchange upon which such security is traded; provided, however, in the event the primary common equity security of the Company or

a Peer Company is not traded on a national exchange at the time of such determination, “Closing Price” will be the price determined by the Committee in good faith based upon a review of the facts and circumstances available to the Committee at the time of determination.

- (e) “**Delivery Date**” means (i) if **Sections 6(b), 7(b)(i), 7(b)(ii) or 7(b)(iii)** apply, the date on which Performance Shares are delivered to Holder which shall be no later than the dates set forth in **Section 6(b) or 7(b)(i), 7(b)(ii) or 7(b)(iii)**, as applicable, or (ii) if **Sections 6(b) or 7(b)(i), 7(b)(ii) or 7(b)(iii)** do not apply, the date on which Earned Performance Shares are delivered to Holder, which shall be no later than April 30, 2021 (*i.e.*, 30 days following a March 31, 2021 Vesting Date).
- (f) “**Earned Performance Shares**” means the number of Performance Shares which are earned during the Performance Period as described and calculated in **Section 6**.
- (g) “**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; provided, that, in the event of a Change of Control, the “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 effective date of such Change of Control.
- (h) “**Maximum Performance Shares**” means the maximum number of Performance Shares which may be earned under this Award if there are no adjustments under **Section 5** in the number of Performance Shares earned.
- (i) “**Peer Company**” means each of the companies listed on **Appendix A** hereto, as adjusted pursuant to **Appendix A**.
- (j) “**Performance Criteria**” means the Total Shareholder Return measure defined in **Section 4** for the Performance Period.
- (k) “**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(e), subject to adjustment under Sections 5 and 12.
- (l) “**Performance Period**” means the three-year period beginning on the first day of the first Calendar Year in the Performance Period and ending on and including December 31 of the last Calendar Year in the Performance Period; provided, that, in the event of a Change of Control, the Performance Period will end on the effective date of such Change of Control.
- (m) “**Post Separation Change of Control**” means a Change of Control with an effective date following Holder’s Separation, but where such Separation resulted from the Commencement of a Change of Control prior to Holder’s Separation. For all purposes of this Award, the term “**Commencement of a Change of 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 of Control involving such person, group, or their affiliates.
- (n) “**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 Calendar Year in the Performance Period.

- (o) **“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.
- (p) **“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(a)(ii)** 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 of Control).
- (q) **“Vesting Date”** means March 31, 2021 or the effective date of any earlier (i) Change of Control pursuant to **Section 6(b)** or (ii) death, Disability or Post Separation Change of Control pursuant to Sections **7(b)(i)**, **7(b)(ii)** or **7(b)(iii)**, as applicable.
3. **PSUs as a Contingent Right.** Each PSU represents a contingent right to receive one Performance Share, subject to the terms and conditions of this Award and the Plan; provided, that, the number of Performance Shares that become Earned Performance Shares may range from 0% to 100% of the number of Maximum Performance Shares.

4. **Performance Percentage Earned With Respect to Total Shareholder Return Measure.**

- (a) Total Shareholder Return shall be calculated for the periods specified below as follows:

(i) 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:

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

(ii) For any Calendar Year in which a Change of Control 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:

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

- (b) 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. Once calculated for the Company and for each Peer Company, the exact percentage of the Company and each Peer Company’s respective Three-Year Average TSR shall be listed in Column 3 of the table below in descending order of their respective Three-Year Average TSR from the highest percentage to the lowest percentage.
- (c) Column 2 of the table below shall reflect each such company’s name.

- (d) The percentages in Column 4 of the table below are based upon increments derived by dividing 100% by 17 (the number of 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 (for example, if at the end of the Performance Period there were 16 Peer Companies, then the 5.9% increment currently shown in Column 4 would become 6.3%).
- (e) The Company's earned Performance Percentage will be that percentage shown in Column 5 (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 18 Companies, being ranked as eleventh would equal a Performance Percentage of 82%). The earned Performance Percentage will be adjusted to reflect adjustments made to the percentages in Column 4, if any, pursuant to **Section 4(d)** above; provided, however, that if the Actual Three-Year Average TSR for the Company is less than 0%, the earned Performance Percentage may not be greater than 100%.

Column 1	Column 2	Column 3	Column 4	Column 5
Ranking	Company Name	Actual Three-Year Average TSR (expressed as a %)	Scale of Three-Year Average TSR for 18 Companies (expressed as a %)	Performance Percentage Scale (subject to interpolation)
1			100.0%	100%
2			94.1%	100%
3			88.2%	100%
4			82.4%	100%
5			76.5%	100%
6			70.6%	100%
7			64.7%	100%
8			58.8%	100%
9			52.9%	100%
10			47.1%	94%
11			41.2%	82%
12			35.3%	71%
13			29.4%	59%
14			23.5%	47%
15			17.6%	35%
16			11.8%	24%
17			5.9%	12%
18			0.0%	0%

**5. Committee's Adjustment of Performance Percentage.** Notwithstanding any provision hereof or in the Plan to the contrary, the Committee, in its sole discretion, by Committee resolution passed prior to the Vesting Date, may adjust Holder's otherwise earned Performance Percentage in an amount (if any) determined by the Committee based upon its subjective evaluation; provided, that, any adjustment 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 otherwise earned during the Performance Period.

**6. Earned Performance Shares.**

- (a) Earned Performance Shares. The number of Earned Performance Shares shall be equal to the product of (i) the Maximum Performance Shares multiplied by (ii) the Performance Percentage. The shares

of stock issued under this Award shall equal the Earned Performance Shares, reduced by the Company to satisfy all minimum applicable federal, state, and local income tax withholding requirements and employment tax withholding requirements. No fractional 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 of Control provisions of **Section 6(b)** below.

- (b) Change of Control. Notwithstanding the foregoing and any other provision hereof to the contrary, if a Change of Control of the Company occurs during the Performance Period then, regardless of the Performance Percentage at the effective date of the Change of Control, the Performance Period will end on the effective date of the Change of Control and the performance for the partial year will be annualized as set out in **Section 4(a)(ii)** 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 effective date of the Change of 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 of 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 experience a Separation prior to the Vesting Date, Holder will be 100% vested in the Earned Performance Shares.
- (b) Forfeiture. Except to the extent expressly provided in **Sections 7(b)(i), (ii) or (iii)**, Holder will permanently forfeit all rights with respect to all Performance Shares upon the date of his or her Separation, if such Separation occurs prior to the Vesting Date.

(i) Death. If Holder experiences a Separation by reason of death prior to the last day of the Performance Period, Holder's Beneficiary (as defined in **Section 11**) will be entitled to receive Performance Shares in an amount equal to the number of Maximum Performance Shares (without any right to receive any other Performance Shares pursuant to this Award) as soon as reasonably possible, but in no event more than 60 days after Holder's death. If Holder experiences a Separation 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 Earned Performance Shares based on the calculation in **Section 6** herein (and does not have any right to receive any other Performance Shares pursuant to this Award) as soon as reasonably possible, but in no event more than 60 days after the Vesting Date.

(ii) Disability. If Holder experiences a Separation 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 Maximum Performance Shares (without any right to receive any other Performance Shares pursuant to this Award) as soon as reasonably possible, but in no event more than 60 days after Holder's Separation by reason of Disability. If Holder experiences a Separation 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 Earned Performance Shares based on the calculation in **Section 6** herein (without any right to receive any other Performance Shares pursuant to this Award) as soon as reasonably possible, but in no event more than 60 days after the Vesting Date.

(iii) Post Separation Change of Control. If there is a Post Separation Change of Control, whereby Holder experiences such Separation prior to the last day of the Performance Period, Holder will be entitled to receive Performance Shares in an amount equal to the number of Maximum Performance Shares (without any right to receive any additional Performance Shares pursuant to this Award) as soon as reasonably possible after the date of the Change of Control, but in no event more than 60 days after such Change of Control occurs. If there is a Post Separation Change of Control, whereby Holder experiences such Separation on or after the last day of the Performance Period, Holder will be entitled to receive the number of Earned Performance Shares based on the calculation in **Section 6** herein (without any right to receive any other Performance Shares pursuant to this Award) as soon as reasonably possible after the date of the Change of Control, but in no event more than 60 days after the Vesting Date.

8. **Withholding**. If and when any portion of this Award becomes taxable, 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, shall be paid to the Company, as applicable, in cash, by delivery of Stock, which Stock may be in whole or in part Stock subject to this Award, based on the Fair Market Value of such Stock on the Vesting Date, or via payroll deduction. The Holder, in his or her 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.

9. **Issuance of Stock**. Without limitation, Holder shall not have any of the rights and privileges of an owner of Stock (including voting rights and dividend rights) until the Vesting Date. The Company shall deliver the Earned Performance Shares as determined under **Section 6** above to Holder as soon as reasonably possible following vesting, subject to **Section 21** below. The Holder agrees that the delivery of Stock 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 this Award; adopt such rules and regulations for carrying out this Award as it may deem advisable; decide conclusively all questions of fact arising in the application of this Award; certify the extent to which the Performance Criteria has been satisfied and the Performance Percentage earned; exercise its right to adjust the Performance Percentage; and make all other determinations and take all other actions necessary or desirable for the administration of this Award. The Committee is authorized to change any of the terms or conditions of this 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 this 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 an administrator; provided, that, the determinations under, and the interpretations of, any provision of this 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 Committee a written designation of beneficiary (such person(s) being the Holder's "**Beneficiary**"), on such form as may be prescribed by the Committee. Holder may, from time to time, amend or revoke a designation of Beneficiary. In the event that Holder does not file a written designation of Beneficiary, or where such Beneficiary predeceases the Holder, the following rules shall apply: (i) the Holder's beneficiary designation for the basic life insurance benefits provided by the Company shall be Holder's Beneficiary; and (ii) in the absence of such basic life insurance



beneficiary, or in the event that such basic life insurance beneficiary predeceases the Holder, the Holder's estate shall be deemed to be Holder's Beneficiary.

**12. Adjustments in this Award.** 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 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, appropriate adjustments may be made to this Award in a manner deemed equitable by the Committee.

**13. Holder's Access to Information.** As soon as reasonably possible after the close of a Calendar Year, the Committee shall make all relevant annually determined calculations and determinations hereunder with respect to such Calendar Year, and will furnish (or cause to be furnished) 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 Earned Performance Shares.

**15. No Right to Continued Employment.** Neither the Plan nor this Award, nor any terms contained therein or herein, 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 constitute a commitment of any kind with respect to the duration of Holder's at will employment with the Company, nor interfere in any way with the Company's right to terminate Holder's at will 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.

**20. Clawback.** The PSUs and any Earned Performance Shares covered by this Award are subject to any written clawback policies that the Company, with the approval of the Board, may adopt. Any such policy may subject the Stock issued or to be issued hereunder to reduction, cancellation, forfeiture or recoupment if certain specified events or wrongful conduct occur, including, but not limited to, an accounting restatement due to the Company's material noncompliance with financial reporting regulations or other events or wrongful conduct specified in any such clawback policy adopted to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and rules promulgated thereunder by the Securities and Exchange Commission, and that the Company determines should apply to the PSUs or any Earned Performance Shares.

**21. Compliance with Securities Laws.** Notwithstanding any provision of this Award to the contrary, the issuance of Stock will be subject to compliance with all applicable requirements of federal, state, or foreign law with respect to such securities and with the requirements of any stock exchange or market system upon which the Stock may then be listed. No Stock will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other laws or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, Stock will not be issued hereunder unless (a) a registration statement under the Securities Act is at the time of issuance in effect with respect to the shares issued or (b) in the opinion of legal counsel of the Company, the shares issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. THE HOLDER IS CAUTIONED THAT ISSUANCE OF STOCK UPON THE VESTING OF PSUS GRANTED PURSUANT TO THIS AWARD MAY NOT OCCUR UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares of Stock subject to this Award will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance hereunder, the Company may require Holder to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. From time to time, the Board and appropriate officers of the Company are authorized to take the actions necessary and appropriate to file required documents with governmental authorities, stock exchanges, and other appropriate persons to make shares of Stock available for issuance.

**22. Section 409A of the Code.** It is the intention of the Committee that this Award is exempt from the Nonqualified Deferred Compensation Rules as a short-term deferral (within the meaning of such rules), and, as such, that this Award will be operated and construed accordingly. Neither this **Section 22** nor any other provision of this Award or the Plan is or contains a representation to the Holder regarding the tax consequences of the grant, vesting, settlement, or sale of this Award (or the Stock underlying this Award), and should not be interpreted as such.

**23. Plan is Controlling.** In the event of a conflict between the terms of the Plan and the terms of this Award, the terms of the Plan are controlling; provided, that, in the event the terms of this Award provide greater specificity as to certain aspects of this Award which are also covered by the Plan, such terms and specificity shall not constitute a conflict with the terms of the Plan.

*[Signature pages to follow]*

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

**DENBURY RESOURCES INC.**

By:

\_\_\_\_\_  
Christian S. Kendall  
President and Chief Executive Officer

\_\_\_\_\_  
Mark C. Allen  
Executive 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 this 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.

Effective as of the Date of Grant.

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**Holder Signature**

## Appendix A

### Peer Companies

California Resources Corporation (CRC)  
Carrizo Oil & Gas, Inc. (CRZO)  
Continental Resources Inc. (CLR)  
Crescent Point Energy Corp. (CPG)  
EP Energy Corp-CLA (EPE)  
Laredo Petroleum, Inc. (LPI)  
MEG Energy Corporation (MEG.TO)  
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Newfield Exploration Co (NFX)  
Oasis Petroleum, Inc. (OAS)  
Occidental Petroleum Corporation (OXY)  
PDC Energy Inc. (PDCE)  
RSP Permian, Inc. (RSPP)  
Sanchez Energy Corporation (SN)  
SM Energy Company (SM)  
Whiting Petroleum Corporation (WLL)  
WPX Energy, Inc. (WPX)

In the event that a Peer Company is acquired and ceases to have its primary common equity security listed or publicly traded, such company will be removed as a Peer Company for the purposes of calculating achievement of the Performance Percentage. In the event that a Peer Company is forced to delist from the securities exchange upon which it was traded due to low stock price or other reasons or files for bankruptcy, then that company will remain a Peer Company and it shall occupy the last position (or positions, if there are more than one such companies) in the TSR ranking.

\$\_\_\_\_\_ Maximum Performance Cash

Date of Grant: March 12, 2018

**2018 DEBT-ADJUSTED RESERVES GROWTH PER SHARE PERFORMANCE  
AWARD  
(CASH PORTION)**

**2004 OMNIBUS STOCK AND INCENTIVE PLAN**

**DENBURY RESOURCES INC.**

This **DEBT-ADJUSTED RESERVES GROWTH PER SHARE PERFORMANCE AWARD** (this "**Award**") is made effective on March 12, 2018 (the "**Date of Grant**") by Denbury Resources Inc. (the "**Company**") in favor of \_\_\_\_\_ ("**Holder**").

**WHEREAS**, in accordance with the Company's Amended and Restated 2004 Omnibus Stock and Incentive Plan (the "**Plan**"), the Committee may grant performance-based Awards;

**WHEREAS**, the Committee desires to grant to Holder an Award under which Holder can earn Performance Cash based on the Performance Criteria, subject to all of the provisions, including without limitation the vesting provisions, of the Plan and of this Award;

**WHEREAS**, no Performance Cash will be paid until the Vesting Date; 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 Cash Grant.** The Company hereby grants Holder the right to earn and vest in up to a maximum of \$\_\_\_\_\_ Performance Cash (the "**Performance Cash**"). On the Delivery Date, the Performance Cash entitles the Holder to receive a lump sum payment of cash equal to the amount of Earned Performance Cash up to and including the Maximum Performance Cash.
2. **Definitions.** All terms capitalized herein that are defined in the Plan shall have the meaning assigned to them in the Plan; other capitalized terms shall have the following meaning, or shall be defined elsewhere in this Award:
  - (a) "**Annual Reserves Growth per Share**" or "**RGPS**" means, for each Calendar Year in the Performance Period, the result of the calculation set out in **Section 4(b)** expressed as a percentage which reflects the increase or decrease in the Proved Reserves per Share for such Calendar Year as compared to the prior Calendar Year's Year-End Proved Reserves.
  - (b) "**Beginning Proved Reserves per Share**" means, for each Calendar Year in the Performance Period, the Proved Reserves per Share calculated at the end of the prior Calendar Year.
  - (c) "**Calendar Year**" means the 12-month period beginning on January 1 and ending on and including December 31.

- (d) **“Closing Price”** means the last reported sales price of the primary common equity security of the Company, as reported by the national securities exchange upon which such security is traded; provided, however, in the event the primary common equity security of the Company is not traded on a national securities exchange at the time of such determination, “Closing Price” will be the price determined by the Committee in good faith based upon a review of the facts and circumstances available to the Committee at the time of determination.
- (e) **“Common Stock Price”** shall equal the average of the Closing Price of the Company’s primary common equity security for each of the 10 trading days ending on and including the last day of each Calendar Year, taken separately, within the Performance Period.
- (f) **“Debt Equivalent Shares”** means the number of shares calculated by dividing the Net Debt Principal Balance on December 31 of each Calendar Year in the Performance Period by the Common Stock Price on the same date.
- (g) **“Delivery Date”** means (i) if **Sections 6(b), 7(b)(i)** or **7(b)(ii)** apply, the date on which Performance Cash is paid to Holder which shall be no later than the dates set forth in **Section 6(b), 7(b)(i)** or **7(b)(ii)**, as applicable, or (ii) if **Sections 6(b), 7(b)(i)** or **7(b)(ii)** do not apply, the date on which Earned Performance Cash is paid to Holder, which shall be no later than April 30, 2021 (*i.e.*, 30 days following a March 31, 2021 Vesting Date).
- (h) **“Earned Performance Cash”** means the amount of Performance Cash which is earned during the Performance Period as described and calculated in **Section 6**.
- (i) **“Ending Proved Reserves per Share”** means, for each Calendar Year in the Performance Period, the Proved Reserves per Share calculated at the end of such Calendar Year.
- (j) **“Maximum Performance Cash”** means \_\_\_\_\_ Performance Cash, which is the maximum amount of Performance Cash which may be earned under this Award if there are no adjustments under **Section 5** in the amount of Performance Cash earned.
- (k) **“Net Debt Principal Balance”** means the Company’s total debt principal balance less the Company’s cash and cash equivalents balance as of December 31 of each Calendar Year in the Performance Period, as reported in the Company’s Annual Report on Form 10-K.
- (l) **“Performance Criteria”** means both the Annual Reserves Growth per Share measure and Three-Year Average RGPS measure for the Performance Period.
- (m) **“Performance Percentage”** means that percentage determined based upon both the Annual Reserves Growth per Share for each Calendar Year in the Performance Period and Three-Year Average RGPS for the Performance Period as determined under the provisions of **Section 4**, subject to adjustment under **Sections 5** and **12**.
- (n) **“Performance Period”** means the three-year period beginning on the first day of the first Calendar Year of the Performance Period and ending on and including December 31 of the last Calendar Year in the Performance Period.
- (o) **“Post Separation Change of Control”** means a Change of Control with an effective date following Holder’s Separation, but where such Separation resulted from the Commencement of a Change of Control prior to Holder’s Separation. For all purposes of this Award, the term **“Commencement of a Change of 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 of Control involving such person, group, or their affiliates.

- (p) **“Proved Reserves per Share”** means, for each applicable Calendar Year, the result of the calculation set out in **Section 4(a)** hereof with respect to such Calendar Year.
- (q) **“Three-Year Average RGPS”** means the result, expressed as a percentage, of averaging the Annual Reserves Growth per Share for each Calendar Year in the Performance Period.
- (r) **“Total Shares Outstanding”** means, for each Calendar Year in the Performance Period, the shares outstanding of the Company’s primary common equity security, including any restricted shares outstanding, but excluding any treasury shares, as of the last day of such Calendar Year, as reported in the Company’s Annual Report on Form 10-K for such Calendar Year.
- (s) **“Vesting Date”** means March 31, 2021 or the effective date of any earlier (i) Change of Control pursuant to **Section 6(b)** or (ii) death, Disability or Post Separation Change of Control pursuant to **Sections 7(b)(i)** or **7(b)(ii)**, as applicable.
- (t) **“Year-End Proved Reserves”** means, for each Calendar Year in the Performance Period, the total Company proved oil, condensate, natural gas liquids and natural gas quantities as of the end of such Calendar Year (expressed in barrels of oil equivalent), as reported in the Company’s Annual Report on Form 10-K for such Calendar Year.

3. **Performance Cash as a Contingent Right.** Performance Cash represents a contingent right to receive a specified amount of cash, subject to the terms and conditions of this Award and the Plan; provided, that, the amount of Performance Cash that becomes Earned Performance Cash may range from 0% to 100% of the amount of Maximum Performance Cash.

4. **Performance Percentage Earned With Respect to Annual Reserves Growth per Share and Three-Year Average Reserves Growth per Share.**

- (a) Proved Reserves per Share, which is the basis for the calculation of Beginning Proved Reserves per Share and Ending Proved Reserves per Share, shall be calculated as follows:

$$\frac{\text{Year-End Proved Reserves}}{(\text{Total Shares Outstanding} + \text{Debt Equivalent Shares})}$$

- (b) Annual Reserves Growth per Share for each Calendar Year within the Performance Period shall equal the result of the following calculation, expressed as a percentage:

$$\frac{\text{Ending Proved Reserves per Share}}{\text{Beginning Proved Reserves per Share}} - 1$$



- (c) The following Performance Percentage scale shall be used to determine the Performance Percentage in **Section 4(d)** for both the RGPS and Three-Year Average RGPS:

<b>RGPS or Three-Year Average RGPS</b>	<b>Performance Percentage (subject to interpolation on a linear basis between 0% and 100%)</b>
10% or greater	100%
9%	75%
8%	50%
7%	25%
Less than or equal to 6%	0%

- (d) The RGPS for each Calendar Year and the Three-Year Average RGPS are to be calculated as soon as practical after the end of each Calendar Year in the Performance Period. The Performance Percentage will be that percentage shown in Column 3 opposite the actual RGPS percentage for each Calendar Year and Three-Year Average RGPS shown in Column 2. The Earned Performance Cash described in **Section 6** will be the cash reflected in Column 4 prior to any adjustments, if any, under **Section 5** or **Section 12**; provided, that, if the Company's Year-End Proved Reserves as of the last day of the Performance Period are not equal to or greater than the Company's Year-End Proved Reserves as of the last day of the Calendar Year immediately preceding the Performance Period (each as reported in the Company's Annual Report on Form 10-K), then the earned Performance Percentage will be 0% under this Award.

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>
	<b>Actual RGPS or Three-Year Average RGPS (expressed as %)</b>	<b>Performance Percentage (based on scale provided in Section 4(c))</b>	<b>Earned Performance Cash (Performance Percentage x 25% x Maximum Performance Cash)</b>
<b>RGPS Year 1</b>			
<b>RGPS Year 2</b>			
<b>RGPS Year 3</b>			
<b>Three-Year Average RGPS</b>			
		<b>Total</b>	

**5. Committee's Adjustment of Performance Percentage.** Notwithstanding any provision hereof or in the Plan to the contrary, the Committee, in its sole discretion, by Committee resolution passed prior to the Vesting Date, may adjust Holder's otherwise earned Performance Percentage in an amount (if any) determined by the Committee based upon its subjective evaluation; provided, that, any adjustment 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 otherwise earned during the Performance Period.

**6. Earned Performance Cash.**

(a) Earned Performance Cash. The amount of Earned Performance Cash shall be determined by the calculation set forth in **Section 4(d)** which reflects the sum of (i) the Maximum Performance Cash multiplied by (ii) 25% multiplied by (iii) the Performance Percentage for each of the three yearly RGPS and the Three-Year Average RGPS. The amount of cash issued under this Award shall equal the Earned Performance Cash, reduced by the Company to satisfy all minimum applicable federal, state, and local income tax withholding requirements and employment tax withholding requirements. 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 of Control provisions of **Section 6(b)** below.

(b) Change of Control. Notwithstanding the foregoing and any other provision hereof to the contrary, if a Change of Control occurs during the Performance Period then, regardless of the Performance Percentage at the effective date of the Change of Control, Holder will not be entitled to receive any amount of Performance Cash pursuant to this Award. If a Change of Control occurs prior to the Vesting Date but on or after the last day of the Performance Period, Holder will be entitled to receive the amount of Earned Performance Cash based on the calculation in **Section 6** herein (without any right to receive any other Performance Cash pursuant to this Award) as soon as reasonably possible, but in no event later than 60 days following the Vesting Date.

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

(a) No Separation Prior to the Vesting Date. If Holder does not experience a Separation prior to the Vesting Date, Holder will be 100% vested in the Earned Performance Cash.

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

(i) Death. If Holder experiences a Separation by reason of death prior to the last day of the Performance Period, Holder's Beneficiary (as defined in **Section 11**) will not be entitled to receive any amount of Performance Cash pursuant to this Award. If Holder experiences a Separation 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 amount of Earned Performance Cash based on the calculation in **Section 6** herein (and does not have any right to receive any other Performance Cash pursuant to this Award) as soon as reasonably possible, but in no event more than 60 days after the Vesting Date.

(ii) Disability. If Holder experiences a Separation by reason of Disability prior to the last day of the Performance Period, neither Holder nor Holder's Beneficiary, as applicable, will be entitled to receive any amount of Performance Cash pursuant to this Award. If Holder experiences a Separation 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 amount of Earned Performance Cash based on the calculation in **Section 6** herein (without any right to receive any other Performance Cash pursuant to this Award) as soon as reasonably possible, but in no event more than 60 days after the Vesting Date.

(iii) Post Separation Change of Control. If there is a Post Separation Change of Control, whereby Holder experiences such Separation prior to the last day of the Performance Period, Holder will not

be entitled to receive any amount of Performance Cash pursuant to this Award. If there is a Post Separation Change of Control, whereby Holder experiences such Separation on or after the last day of the Performance Period, Holder will be entitled to receive the amount of Earned Performance Cash based on the calculation in **Section 6** herein (without any right to receive any other Performance Cash pursuant to this Award) as soon as reasonably possible after the date of the Change of Control, but in no event more than 60 days after the Vesting Date.

8. **Withholding.** If and when any portion of this Award becomes taxable, 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, shall be paid to the Company in cash, which cash may be withheld from this Award.

9. **[Intentionally Left Blank]**

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 this Award; adopt such rules and regulations for carrying out this Award as it may deem advisable; decide conclusively all questions of fact arising in the application of this Award; certify the extent to which the Performance Criteria has been satisfied and the Performance Percentage earned; exercise its right to adjust the Performance Percentage; and make all other determinations and take all other actions necessary or desirable for the administration of this Award. The Committee is authorized to change any of the terms or conditions of this 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 this 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 an administrator; provided, that, the determinations under, and the interpretations of, any provision of this 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 Committee a written designation of beneficiary (such person(s) being the Holder's "**Beneficiary**"), on such form as may be prescribed by the Committee. Holder may, from time to time, amend or revoke a designation of Beneficiary. In the event that Holder does not file a written designation of Beneficiary, or where such Beneficiary predeceases the Holder, the following rules shall apply: (i) the Holder's beneficiary designation for the basic life insurance benefits provided by the Company shall be Holder's Beneficiary; and (ii) in the absence of such basic life insurance beneficiary, or in the event that such basic life insurance beneficiary predeceases the Holder, the Holder's estate shall be deemed to be Holder's Beneficiary.

12. **Adjustments in this Award.** 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 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, appropriate adjustments may be made to this Award in a manner deemed equitable by the Committee.

13. **Holder's Access to Information.** As soon as reasonably possible after the close of a Calendar Year, the Committee shall make all relevant annually determined calculations and determinations hereunder with respect to such Calendar Year, and will furnish (or cause to be furnished) 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 Earned Performance Cash.

**15. No Right to Continued Employment.** Neither the Plan nor this Award, nor any terms contained therein or herein, 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 constitute a commitment of any kind with respect to the duration of Holder's at will employment with the Company, nor interfere in any way with the Company's right to terminate Holder's at will 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.

**20. Clawback.** The Performance Cash covered by this Award is subject to any written clawback policies that the Company, with the approval of the Board, may adopt. Any such policy may subject the cash issued or to be issued hereunder to reduction, cancelation, forfeiture or recoupment if certain specified events or wrongful conduct occur, including, but not limited to, an accounting restatement due to the Company's material noncompliance with financial reporting regulations or other events or wrongful conduct specified in any such clawback policy adopted to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and rules promulgated thereunder by the Securities and Exchange Commission, and that the Company determines should apply to any Earned Performance Cash.

**21. [Intentionally Left Blank].**

**22. Section 409A of the Code.** It is the intention of the Committee that this Award is exempt from the Nonqualified Deferred Compensation Rules as a short-term deferral (within the meaning of such rules), and, as such, that this Award will be operated and construed accordingly. Neither this **Section 22** nor any other provision of this Award or the Plan is or contains a representation to the Holder regarding the tax consequences of the grant, vesting or settlement of this Award, and should not be interpreted as such.

**23. Plan is Controlling.** In the event of a conflict between the terms of the Plan and the terms of this Award, the terms of the Plan are controlling; provided, that, in the event the terms of this Award provide greater specificity as to certain aspects of this Award which are also covered by the Plan, such terms and specificity shall not constitute a conflict with the terms of the Plan.

*[Signature pages to follow]*

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

**DENBURY RESOURCES INC.**

By:

\_\_\_\_\_  
Christian S. Kendall  
President and Chief Executive Officer

\_\_\_\_\_  
Mark C. Allen  
Executive 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 this 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.

Effective as of the Date of Grant.

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**Holder Signature**

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

Date of Grant: March 12, 2018

**2018 DEBT-ADJUSTED RESERVES GROWTH PER SHARE PERFORMANCE  
AWARD  
(EQUITY PORTION)**

**2004 OMNIBUS STOCK AND INCENTIVE PLAN**

**DENBURY RESOURCES INC.**

This **DEBT-ADJUSTED RESERVES GROWTH PER SHARE PERFORMANCE AWARD** (this "**Award**") is made effective on March 12, 2018 (the "**Date of Grant**") by Denbury Resources Inc. (the "**Company**") in favor of \_\_\_\_\_ ("**Holder**").

**WHEREAS**, in accordance with the Company's Amended and Restated 2004 Omnibus Stock and Incentive Plan (the "**Plan**"), the Committee may grant performance-based Awards;

**WHEREAS**, the Committee desires to grant to Holder an Award under which Holder can earn Performance Shares based on the Performance Criteria, 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; 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 Stock Unit Grant.** The Company hereby grants Holder the right to earn and vest in up to a maximum of [\_\_\_\_\_] Performance Stock Units (the "**PSUs**"). On the Delivery Date, the PSUs entitle the Holder to receive shares (the "**Performance Shares**") of Stock equal to the number of Earned Performance Shares up to and including the Maximum Performance Shares.
2. **Definitions.** All terms capitalized herein that are defined in the Plan shall have the meaning assigned to them in the Plan; other capitalized terms shall have the following meaning, or shall be defined elsewhere in this Award:
  - (a) "**Annual Reserves Growth per Share**" or "**RGPS**" means, for each Calendar Year in the Performance Period, the result of the calculation set out in **Section 4(b)** expressed as a percentage which reflects the increase or decrease in the Proved Reserves per Share for such Calendar Year as compared to the prior Calendar Year's Year-End Proved Reserves.
  - (b) "**Beginning Proved Reserves per Share**" means, for each Calendar Year in the Performance Period, the Proved Reserves per Share calculated at the end of the prior Calendar Year.
  - (c) "**Calendar Year**" means the 12-month period beginning on January 1 and ending on and including December 31.
  - (d) "**Closing Price**" means the last reported sales price of the primary common equity security of the Company, as reported by the national securities exchange upon which such security is traded; provided, however, in the event the primary common equity security of the Company is not traded on a national securities exchange at the time of such determination, "Closing Price" will be the

price determined by the Committee in good faith based upon a review of the facts and circumstances available to the Committee at the time of determination.

- (e) **“Common Stock Price”** shall equal the average of the Closing Price of the Company’s primary common equity security for each of the 10 trading days ending on and including the last day of each Calendar Year, taken separately, within the Performance Period.
- (f) **“Debt Equivalent Shares”** means the number of shares calculated by dividing the Net Debt Principal Balance on December 31 of each Calendar Year in the Performance Period by the Common Stock Price on the same date.
- (g) **“Delivery Date”** means (i) if **Sections 6(b), 7(b)(i), 7(b)(ii) or 7(b)(iii)** apply, the date on which Performance Shares are delivered to Holder which shall be no later than the dates set forth in **Section 6(b) or 7(b)(i), 7(b)(ii) or 7(b)(iii)**, as applicable, or (ii) if **Sections 6(b) or 7(b)(i), 7(b)(ii) or 7(b)(iii)** do not apply, the date on which Earned Performance Shares are delivered to Holder, which shall be no later than April 30, 2021 (*i.e.*, 30 days following a March 31, 2021 Vesting Date).
- (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 Proved Reserves per Share”** means, for each Calendar Year in the Performance Period, the Proved Reserves per Share calculated at the end of such Calendar Year.
- (j) **“Maximum Performance Shares”** means \_\_\_\_\_ Performance Shares, which is the maximum number of Performance Shares which may be earned under this Award if there are no adjustments under **Section 5** in the number of Performance Shares earned.
- (k) **“Net Debt Principal Balance”** means the Company’s total debt principal balance less the Company’s cash and cash equivalents balance as of December 31 of each Calendar Year in the Performance Period, as reported in the Company’s Annual Report on Form 10-K.
- (l) **“Performance Criteria”** means both the Annual Reserves Growth per Share measure and Three-Year Average RGPS measure for the Performance Period.
- (m) **“Performance Percentage”** means that percentage determined based upon both the Annual Reserves Growth per Share for each Calendar Year in the Performance Period and Three-Year Average RGPS for the Performance Period as determined under the provisions of **Section 4**, subject to adjustment under **Sections 5 and 12**.
- (n) **“Performance Period”** means the three-year period beginning on the first day of the first Calendar Year of the Performance Period and ending on and including December 31 of the last Calendar Year in the Performance Period.
- (o) **“Post Separation Change of Control”** means a Change of Control with an effective date following Holder’s Separation, but where such Separation resulted from the Commencement of a Change of Control prior to Holder’s Separation. For all purposes of this Award, the term **“Commencement of a Change of 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 of Control involving such person, group, or their affiliates.
- (p) **“Proved Reserves per Share”** means, for each applicable Calendar Year, the result of the calculation set out in **Section 4(a)** hereof with respect to such Calendar Year.



- (q) **“Three-Year Average RGPS”** means the result, expressed as a percentage, of averaging the Annual Reserves Growth per Share for each Calendar Year in the Performance Period.
- (r) **“Total Shares Outstanding”** means, for each Calendar Year in the Performance Period, the shares outstanding of the Company’s primary common equity security, including any restricted shares outstanding, but excluding any treasury shares, as of the last day of such Calendar Year, as reported in the Company’s Annual Report on Form 10-K for such Calendar Year.
- (s) **“Vesting Date”** means March 31, 2021 or the effective date of any earlier (i) Change of Control pursuant to **Section 6(b)** or (ii) death, Disability or Post Separation Change of Control pursuant to **Sections 7(b)(i), 7(b)(ii) or 7(b)(iii)**, as applicable.
- (t) **“Year-End Proved Reserves”** means, for each Calendar Year in the Performance Period, the total Company proved oil, condensate, natural gas liquids and natural gas quantities as of the end of such Calendar Year (expressed in barrels of oil equivalent), as reported in the Company’s Annual Report on Form 10-K for such Calendar Year.
3. **PSUs as a Contingent Right**. Each PSU represents a contingent right to receive one Performance Share, subject to the terms and conditions of this Award and the Plan; provided, that, the number of Performance Shares that become Earned Performance Shares may range from 0% to 100% of the number of Maximum Performance Shares.

4. **Performance Percentage Earned With Respect to Annual Reserves Growth per Share and Three-Year Average Reserves Growth per Share**.

- (a) Proved Reserves per Share, which is the basis for the calculation of Beginning Proved Reserves per Share and Ending Proved Reserves per Share, shall be calculated as follows:

$$\frac{\text{Year-End Proved Reserves}}{(\text{Total Shares Outstanding} + \text{Debt Equivalent Shares})}$$

- (b) Annual Reserves Growth per Share for each Calendar Year within the Performance Period shall equal the result of the following calculation, expressed as a percentage:

$$\frac{\text{Ending Proved Reserves per Share}}{\text{Beginning Proved Reserves per Share}} - 1$$

- (c) The following Performance Percentage scale shall be used to determine the Performance Percentage in **Section 4(d)** for both the RGPS and Three-Year Average RGPS:

<b>RGPS or Three-Year Average RGPS</b>	<b>Performance Percentage (subject to interpolation on a linear basis between 25% and 100%)</b>
Greater than or equal to 6%	100%
5%	75%
4%	50%
3%	25%
Less than 3%	0%

- (d) The RGPS for each Calendar Year and the Three-Year Average RGPS are to be calculated as soon as practical after the end of each Calendar Year in the Performance Period. The Performance Percentage will be that percentage shown in Column 3 opposite the actual RGPS percentage for each Calendar Year and Three-Year Average RGPS shown in Column 2. The Earned Performance Shares described in **Section 6** will be those shares reflected in Column 4 prior to any adjustments, if any, under **Section 5** or **Section 12**; provided, that, if the Company's Year-End Proved Reserves as of the last day of the Performance Period are not equal to or greater than the Company's Year-End Proved Reserves as of the last day of the Calendar Year immediately preceding the Performance Period (each as reported in the Company's Annual Report on Form 10-K), then the earned Performance Percentage will be capped at 100% under this Award.

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>
	<b>Actual RGPS or Three-Year Average RGPS (expressed as %)</b>	<b>Performance Percentage (based on scale provided in Section 4(c))</b>	<b>Earned Performance Shares (Performance Percentage x 25% x Maximum Performance Shares)</b>
<b>RGPS Year 1</b>			
<b>RGPS Year 2</b>			
<b>RGPS Year 3</b>			
<b>Three-Year Average RGPS</b>			
		<b>Total</b>	

**5. Committee's Adjustment of Performance Percentage.** Notwithstanding any provision hereof or in the Plan to the contrary, the Committee, in its sole discretion, by Committee resolution passed prior to the Vesting Date, may adjust Holder's otherwise earned Performance Percentage in an amount (if any) determined by the Committee based upon its subjective evaluation; provided, that, any adjustment 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 otherwise earned during the Performance Period.

**6. Earned Performance Shares.**

(a) Earned Performance Shares. The number of Earned Performance Shares shall be determined by the calculation set forth in **Section 4(d)** which reflects the sum of (i) the Maximum Performance Shares multiplied by (ii) 25% multiplied by (iii) the Performance Percentage for each of the three yearly RGPS and the Three-Year Average RGPS. The Stock issued under this Award shall equal the Earned Performance Shares, reduced by the Company to satisfy all minimum applicable federal, state, and local income tax withholding requirements and employment tax withholding requirements. No fractional 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 of Control provisions of **Section 6(b)** below.

(b) Change of Control. Notwithstanding the foregoing and any other provision hereof to the contrary, if a Change of Control occurs during the Performance Period then, regardless of the Performance Percentage at the effective date of the Change of Control, Holder will be entitled to receive the Maximum Performance Shares pursuant to this Award. If a Change of Control occurs prior to the Vesting Date but on or after the last day of the Performance Period, Holder will be entitled to receive the number of Earned Performance Shares based on the calculation in **Section 6** herein (without any right to receive any other Performance Shares pursuant to this Award) as soon as reasonably possible, but in no event later than 60 days following the Vesting Date.

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

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

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

(i) Death. If Holder experiences a Separation by reason of death prior to the last day of the Performance Period, Holder's Beneficiary (as defined in **Section 11**) will be entitled to receive Performance Shares in an amount equal to the number of Maximum Performance Shares (without any right to receive any other Performance Shares pursuant to this Award) as soon as reasonably possible, but in no event more than 60 days after Holder's death. If Holder experiences a Separation 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 Earned Performance Shares based on the calculation in **Section 6** herein (and does not have any right to receive any other Performance Shares pursuant to this Award) as soon as reasonably possible, but in no event more than 60 days after the Vesting Date.

(ii) Disability. If Holder experiences a Separation 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 Maximum Performance Shares (without any right to receive any other Performance Shares pursuant to this Award) as soon as reasonably possible, but in no event more than 60 days after Holder's Separation by reason of Disability. If Holder experiences a Separation 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 Earned Performance Shares based on the calculation in **Section 6**

herein (without any right to receive any other Performance Shares pursuant to this Award) as soon as reasonably possible, but in no event more than 60 days after the Vesting Date.

(iii) Post Separation Change of Control. If there is a Post Separation Change of Control, whereby Holder experiences such Separation prior to the last day of the Performance Period, Holder will be entitled to receive Performance Shares in an amount equal to the number of Maximum Performance Shares (without any right to receive any additional Performance Shares pursuant to this Award) as soon as reasonably possible after the date of the Change of Control, but in no event more than 60 days after the Change of Control occurs. If there is a Post Separation Change of Control, whereby Holder experiences such Separation on or after the last day of the Performance Period, Holder will be entitled to receive the number of Earned Performance Shares based on the calculation in **Section 6** herein (without any right to receive any other Performance Shares pursuant to this Award) as soon as reasonably possible after the date of the Change of Control, but in no event more than 60 days after the Vesting Date.

8. **Withholding**. If and when any portion of this Award becomes taxable, 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, shall be paid to the Company, as applicable, in cash, by delivery of Stock, which Stock may be in whole or in part Stock subject to this Award, based on the Fair Market Value of such Stock on the Vesting Date, or via payroll deduction. The Holder, in his or her 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.

9. **Issuance of Stock**. Without limitation, Holder shall not have any of the rights and privileges of an owner of Stock (including voting rights and dividend rights) until the Vesting Date. The Company shall deliver the Earned Performance Shares as determined under **Section 6** above) to Holder as soon as reasonably possible following vesting, subject to the provisions of **Section 21** below. The Holder agrees that the delivery of Stock 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 this Award; adopt such rules and regulations for carrying out this Award as it may deem advisable; decide conclusively all questions of fact arising in the application of this Award; certify the extent to which the Performance Criteria has been satisfied and the Performance Percentage earned; exercise its right to adjust the Performance Percentage; and make all other determinations and take all other actions necessary or desirable for the administration of this Award. The Committee is authorized to change any of the terms or conditions of this 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 this 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 an administrator; provided, that, the determinations under, and the interpretations of, any provision of this 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 Committee a written designation of beneficiary (such person(s) being the Holder's "**Beneficiary**"), on such form as may be prescribed by the

Committee. Holder may, from time to time, amend or revoke a designation of Beneficiary. In the event that Holder does not file a written designation of Beneficiary, or where such Beneficiary predeceases the Holder, the following rules shall apply: (i) the Holder's beneficiary designation for the basic life insurance benefits provided by the Company shall be Holder's Beneficiary; and (ii) in the absence of such basic life insurance beneficiary, or in the event that such basic life insurance beneficiary predeceases the Holder, the Holder's estate shall be deemed to be Holder's Beneficiary.

**12. Adjustments in this Award.** 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 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, appropriate adjustments may be made to this Award in a manner deemed equitable by the Committee.

**13. Holder's Access to Information.** As soon as reasonably possible after the close of a Calendar Year, the Committee shall make all relevant annually determined calculations and determinations hereunder with respect to such Calendar Year, and will furnish (or cause to be furnished) 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 Earned Performance Shares.

**15. No Right to Continued Employment.** Neither the Plan nor this Award, nor any terms contained therein or herein, 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 constitute a commitment of any kind with respect to the duration of Holder's at will employment with the Company, nor interfere in any way with the Company's right to terminate Holder's at will 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.

**20. Clawback.** The PSUs and any Earned Performance Shares covered by this Award are subject to any written clawback policies that the Company, with the approval of the Board, may adopt. Any such policy may subject the Stock issued or to be issued hereunder to reduction, cancellation, forfeiture or recoupment if certain specified events or wrongful conduct occur, including, but not limited to, an accounting restatement due to the Company's material noncompliance with financial reporting regulations or other events or wrongful conduct specified in any such clawback policy adopted to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and rules promulgated thereunder by the

Securities and Exchange Commission, and that the Company determines should apply to the PSUs and any Earned Performance Shares.

**21. Compliance with Securities Laws.** Notwithstanding any provision of this Award to the contrary, the issuance of Stock will be subject to compliance with all applicable requirements of federal, state, or foreign law with respect to such securities and with the requirements of any stock exchange or market system upon which the Stock may then be listed. No Stock will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other laws or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, Stock will not be issued hereunder unless (a) a registration statement under the Securities Act is at the time of issuance in effect with respect to the shares issued or (b) in the opinion of legal counsel of the Company, the shares issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. **THE HOLDER IS CAUTIONED THAT ISSUANCE OF STOCK UPON THE VESTING OF PSUS GRANTED PURSUANT TO THIS AWARD MAY NOT OCCUR UNLESS THE FOREGOING CONDITIONS ARE SATISFIED.** The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares of Stock subject to this Award will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance hereunder, the Company may require Holder to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. From time to time, the Board and appropriate officers of the Company are authorized to take the actions necessary and appropriate to file required documents with governmental authorities, stock exchanges, and other appropriate persons to make shares of Stock available for issuance.

**22. Section 409A of the Code.** It is the intention of the Committee that this Award is exempt from the Nonqualified Deferred Compensation Rules as a short-term deferral (within the meaning of such rules), and, as such, that this Award will be operated and construed accordingly. Neither this **Section 22** nor any other provision of this Award or the Plan is or contains a representation to the Holder regarding the tax consequences of the grant, vesting, settlement, or sale of this Award (or the Stock underlying this Award), and should not be interpreted as such.

**23. Plan is Controlling.** In the event of a conflict between the terms of the Plan and the terms of this Award, the terms of the Plan are controlling; provided, that, in the event the terms of this Award provide greater specificity as to certain aspects of this Award which are also covered by the Plan, such terms and specificity shall not constitute a conflict with the terms of the Plan.

*[Signature pages to follow]*

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

**DENBURY RESOURCES INC.**

By:

\_\_\_\_\_  
Christian S. Kendall  
President and Chief Executive Officer

\_\_\_\_\_  
Mark C. Allen  
Executive 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 this 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.

Effective as of the Date of Grant.

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**Holder Signature**



**CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Chris Kendall, 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 10, 2018

/s/ Chris Kendall

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Chris Kendall

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 10, 2018

/s/ Mark Allen

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Mark C. Allen

Executive 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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (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 10, 2018

/s/ Chris Kendall

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Chris Kendall

President and Chief Executive Officer

Dated: May 10, 2018

/s/ Mark C. Allen

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Mark C. Allen

Executive Vice President, Chief Financial Officer,  
Treasurer, and Assistant Secretary