

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, 2019

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 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 ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Trading Symbol:	Name of Each Exchange on Which Registered:
Common Stock \$.001 Par Value	DNR	New York Stock Exchange

The number of shares outstanding of the registrant's Common Stock, \$.001 par value, as of April 30, 2019, was 461,224,639.

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, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 5,749	\$ 38,560
Accrued production receivable	147,379	125,788
Trade and other receivables, net	28,624	26,970
Derivative assets	14,012	93,080
Other current assets	10,282	11,896
Total current assets	206,046	296,294
Property and equipment		
Oil and natural gas properties (using full cost accounting)		
Proved properties	11,140,781	11,072,209
Unevaluated properties	1,003,669	996,700
CO ₂ properties	1,196,868	1,196,795
Pipelines and plants	2,304,745	2,302,817
Other property and equipment	233,277	250,279
Less accumulated depletion, depreciation, amortization and impairment	(11,537,622)	(11,500,190)
Net property and equipment	4,341,718	4,318,610
Operating lease right-of-use assets	37,913	—
Derivative assets	2,022	4,195
Other assets	103,463	104,123
Total assets	\$ 4,691,162	\$ 4,723,222
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 147,324	\$ 198,380
Oil and gas production payable	65,893	61,288
Derivative liabilities	10,037	—
Current maturities of long-term debt (including future interest payable of \$102,667 and \$85,303, respectively – see Note 4)	120,258	105,125
Operating lease liabilities	7,070	—
Total current liabilities	350,582	364,793
Long-term liabilities		
Long-term debt, net of current portion (including future interest payable of \$147,550 and \$164,914, respectively – see Note 4)	2,643,307	2,664,211
Asset retirement obligations	178,428	174,470
Derivative liabilities	306	—
Deferred tax liabilities, net	300,280	309,758
Operating lease liabilities	47,056	—
Other liabilities	51,883	68,213
Total long-term liabilities	3,221,260	3,216,652
Commitments and contingencies (Note 7)		
Stockholders' equity		
Preferred stock, \$.001 par value, 25,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$.001 par value, 600,000,000 shares authorized; 463,728,262 and 462,355,725 shares issued, respectively	464	462
Paid-in capital in excess of par	2,689,517	2,685,211
Accumulated deficit	(1,558,786)	(1,533,112)
Treasury stock, at cost, 2,473,243 and 1,941,749 shares, respectively	(11,875)	(10,784)
Total stockholders' equity	1,119,320	1,141,777
Total liabilities and stockholders' equity	\$ 4,691,162	\$ 4,723,222

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,	
	2019	2018
Revenues and other income		
Oil, natural gas, and related product sales	\$ 294,577	\$ 340,021
CO ₂ sales and transportation fees	8,570	7,552
Other income	2,305	5,661
Total revenues and other income	305,452	353,234
Expenses		
Lease operating expenses	125,423	118,356
Marketing and plant operating expenses	12,045	12,424
CO ₂ discovery and operating expenses	556	462
Taxes other than income	23,785	27,319
General and administrative expenses	18,925	20,232
Interest, net of amounts capitalized of \$10,534 and \$8,452, respectively	17,398	17,239
Depletion, depreciation, and amortization	57,297	52,451
Commodity derivatives expense	83,377	48,825
Other expenses	3,079	2,328
Total expenses	341,885	299,636
Income (loss) before income taxes	(36,433)	53,598
Income tax provision (benefit)	(10,759)	14,020
Net income (loss)	<u>\$ (25,674)</u>	<u>\$ 39,578</u>
Net income (loss) per common share		
Basic	\$ (0.06)	\$ 0.10
Diluted	\$ (0.06)	\$ 0.09
Weighted average common shares outstanding		
Basic	451,720	392,742
Diluted	451,720	451,543

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,	
	2019	2018
Cash flows from operating activities		
Net income (loss)	\$ (25,674)	\$ 39,578
Adjustments to reconcile net income (loss) to cash flows from operating activities		
Depletion, depreciation, and amortization	57,297	52,451
Deferred income taxes	(9,478)	15,052
Stock-based compensation	3,263	2,592
Commodity derivatives expense	83,377	48,825
Receipt (payment) on settlements of commodity derivatives	8,206	(33,357)
Debt issuance costs and discounts	1,263	1,137
Other, net	908	(838)
Changes in assets and liabilities, net of effects from acquisitions		
Accrued production receivable	(21,591)	(11,510)
Trade and other receivables	1,024	348
Other current and long-term assets	(387)	(1,886)
Accounts payable and accrued liabilities	(35,966)	(19,817)
Oil and natural gas production payable	4,605	(673)
Other liabilities	(2,481)	(275)
Net cash provided by operating activities	64,366	91,627
Cash flows from investing activities		
Oil and natural gas capital expenditures	(86,986)	(56,669)
Pipelines and plants capital expenditures	(1,682)	(156)
Net proceeds from sales of oil and natural gas properties and equipment	104	1,522
Other	(3,237)	3,927
Net cash used in investing activities	(91,801)	(51,376)
Cash flows from financing activities		
Bank repayments	(103,000)	(571,653)
Bank borrowings	103,000	546,653
Pipeline financing and capital lease debt repayments	(4,108)	(6,287)
Other	(1,099)	(9,291)
Net cash used in financing activities	(5,207)	(40,578)
Net decrease in cash, cash equivalents, and restricted cash	(32,642)	(327)
Cash, cash equivalents, and restricted cash at beginning of period	54,949	15,992
Cash, cash equivalents, and restricted cash at end of period	\$ 22,307	\$ 15,665

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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Denbury Resources Inc. Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity (Dollar amounts in thousands)

	Common Stock (\$.001 Par Value)		Paid-In Capital in Excess of Par	Retained Earnings (Accumulated Deficit)	Treasury Stock (at cost)		Total Equity
	Shares	Amount			Shares	Amount	
Balance – December 31, 2018	462,355,725	\$ 462	\$ 2,685,211	\$ (1,533,112)	1,941,749	\$ (10,784)	\$ 1,141,777
Issued or purchased pursuant to stock compensation plans	1,331,050	2	—	—	—	—	2
Issued pursuant to directors' compensation plan	41,487	—	—	—	—	—	—
Stock-based compensation	—	—	4,306	—	—	—	4,306
Tax withholding – stock compensation	—	—	—	—	531,494	(1,091)	(1,091)
Net loss	—	—	—	(25,674)	—	—	(25,674)
Balance – March 31, 2019	<u>463,728,262</u>	<u>\$ 464</u>	<u>\$ 2,689,517</u>	<u>\$ (1,558,786)</u>	<u>2,473,243</u>	<u>\$ (11,875)</u>	<u>\$ 1,119,320</u>

	Common Stock (\$.001 Par Value)		Paid-In Capital in Excess of Par	Retained Earnings (Accumulated Deficit)	Treasury Stock (at cost)		Total Equity
	Shares	Amount			Shares	Amount	
Balance – December 31, 2017	402,549,346	\$ 403	\$ 2,507,828	\$ (1,855,810)	457,041	\$ (4,256)	\$ 648,165
Issued or purchased pursuant to stock compensation plans	378,595	—	—	—	—	—	—
Stock-based compensation	—	—	3,303	—	—	—	3,303
Tax withholding – stock compensation	—	—	—	—	330,826	(828)	(828)
Net income	—	—	—	39,578	—	—	39,578
Balance – March 31, 2018	<u>402,927,941</u>	<u>\$ 403</u>	<u>\$ 2,511,131</u>	<u>\$ (1,816,232)</u>	<u>787,867</u>	<u>\$ (5,084)</u>	<u>\$ 690,218</u>

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 CO₂ 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, 2018 (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, 2019, our consolidated results of operations for the three months ended March 31, 2019 and 2018, our consolidated cash flows for the three months ended March 31, 2019 and 2018, and our consolidated statements of changes in stockholders’ equity for the three months ended March 31, 2019 and 2018.

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>	March 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 5,749	\$ 38,560
Restricted cash included in other assets	16,558	16,389
Total cash, cash equivalents, and restricted cash shown in the Unaudited Condensed Consolidated Statements of Cash Flows	\$ 22,307	\$ 54,949

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.

Our prior-year quarterly report on Form 10-Q for the period ended March 31, 2018, filed with the SEC on May 10, 2018 previously disclosed balances of certain U.S. Treasury Notes of \$24.6 million and \$25.2 million as of January 1, 2018 and March 31, 2018, respectively, that should have been excluded from “Cash, cash equivalents, and restricted cash” on the Consolidated Statements of Cash Flows. Accordingly, “Cash, cash equivalents, and restricted cash” as of January 1, 2018 and March 31, 2018, originally reported as \$40.6 million and \$40.9 million, respectively, should have been reported as \$16.0 million and \$15.7 million, respectively. In addition, changes in the U.S. Treasury Notes of \$0.6 million during the three months ended March 31, 2018 should have been included in net cash used in investing activities. Accordingly, net cash used in investing activities for the three months

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Denbury Resources Inc. Notes to Unaudited Condensed Consolidated Financial Statements

ended March 31, 2018, originally reported as \$50.8 million, should have been \$51.4 million. These revisions had no impact on the Company's financial condition or results of operations for the periods presented.

Net Income (Loss) per Common Share

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

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

<i>In thousands</i>	Three Months Ended March 31,	
	2019	2018
Numerator		
Net income (loss) – basic	\$ (25,674)	\$ 39,578
Effect of potentially dilutive securities		
Interest on convertible senior notes	—	501
Net income (loss) – diluted	<u>\$ (25,674)</u>	<u>\$ 40,079</u>
Denominator		
Weighted average common shares outstanding – basic	451,720	392,742
Effect of potentially dilutive securities		
Restricted stock and performance-based equity awards	—	5,169
Convertible senior notes	—	53,632
Weighted average common shares outstanding – diluted	<u>451,720</u>	<u>451,543</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 (loss) 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, 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 previously-outstanding convertible senior notes as if the convertible senior notes were converted at the beginning of the 2018 period. In April and May 2018, all outstanding convertible senior notes converted into shares of Denbury common stock, resulting in the issuance of 55.2 million shares of our common stock upon conversion.

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

<i>In thousands</i>	Three Months Ended March 31,	
	2019	2018
Stock appreciation rights	2,091	2,954
Restricted stock and performance-based equity awards	8,350	431

Recent Accounting Pronouncements*Recently Adopted*

Leases. Effective January 1, 2019, we adopted Accounting Standards Update (“ASU”) 2016-02, *Leases* (“ASU 2016-02”), and ASU 2018-01, *Leases (Topic 842) – Land Easement Practical Expedient for Transition to Topic 842*, using the modified retrospective method with an application date of January 1, 2019. ASU 2016-02 does not apply to mineral leases or leases that convey the right to explore for or use the land on which oil, natural gas, and similar natural resources are contained. We elected the practical expedients provided in the new ASUs that allow historical lease classification of existing leases, allow entities to recognize leases with terms of one year or less in their statement of operations, allow lease and non-lease components to be combined, and carry forward our accounting treatment for existing land easement agreements. The adoption of the new standards resulted in the recognition of \$39.1 million of lease assets and \$55.8 million of lease liabilities (\$16.7 million of which related to previously-existing lease obligations) as of January 1, 2019, in our Unaudited Condensed Consolidated Balance Sheets, but did not materially impact our results of operations and had no impact on our cash flows. The additional lease assets and liabilities recorded on our balance sheets primarily related to our operating leases for office space, as the accounting for our financing leases and pipeline financings was relatively unchanged.

Not Yet Adopted

Fair Value Measurement. In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements* (“ASU 2018-13”). ASU 2018-13 adds, modifies, or removes certain disclosure requirements for recurring and nonrecurring fair value measurements based on the FASB’s consideration of costs and benefits. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, and early adoption is permitted. Entities must adopt the amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty prospectively, and all other amendments should be applied retrospectively to all periods presented. The adoption of ASU 2018-13 is currently not expected to have a material effect on our consolidated financial statements, but may require enhanced footnote disclosures.

Note 2. Revenue Recognition

We record revenue in accordance with Financial Accounting Standards Board Codification (“FASC”) Topic 606, *Revenue from Contracts with Customers*. The core principle of FASC 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. 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 CO₂ 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 \$147.4 million and \$125.8 million as of March 31, 2019 and December 31, 2018, respectively.

Disaggregation of Revenue

The following table summarizes our revenues by product type for the three months ended March 31, 2019 and 2018:

<i>In thousands</i>	Three Months Ended March 31,	
	2019	2018
Oil sales	\$ 291,965	\$ 337,406
Natural gas sales	2,612	2,615
CO ₂ sales and transportation fees	8,570	7,552
Total revenues	<u>\$ 303,147</u>	<u>\$ 347,573</u>

Denbury Resources Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

Note 3. Leases

We evaluate contracts for leasing arrangements at inception. We lease office space, equipment, and vehicles that have non-cancelable lease terms. Leases with a term of 12 months or less are not recorded on our balance sheet. The table below reflects our operating lease assets and liabilities, which primarily consists of our office leases, and finance lease assets and liabilities:

<i>In thousands</i>	March 31, 2019
Operating leases	
Operating lease right-of-use assets	\$ 37,913
Operating lease liabilities - current	\$ 7,070
Operating lease liabilities - long-term	47,056
Total operating lease liabilities	<u>\$ 54,126</u>
Finance leases	
Other property and equipment	\$ 12,352
Accumulated depreciation	(10,491)
Other property and equipment, net	<u>\$ 1,861</u>
Current maturities of long-term debt	\$ 1,671
Long-term debt, net of current portion	348
Total finance lease liabilities	<u>\$ 2,019</u>

The majority of our leases contain renewal options, typically exercisable at our sole discretion. We record right-of-use assets and liabilities based on the present value of lease payments over the initial lease term, unless the option to extend the lease is reasonably certain, and utilize our incremental borrowing rate based on information available at the lease commencement date. The following weighted average remaining lease terms and discount rates related to our outstanding leases:

	March 31, 2019
Weighted Average Remaining Lease Term	
Operating leases	6.3 years
Finance leases	1.2 years
Weighted Average Discount Rate	
Operating leases	6.8%
Finance leases	2.5%

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Denbury Resources Inc. Notes to Unaudited Condensed Consolidated Financial Statements

Lease costs for operating leases or leases with a term of 12 months or less are recognized on a straight-line basis over the lease term. For finance leases, interest on the lease liability and the amortization of the right-of-use asset are recognized separately, with the depreciable life reflective of the expected lease term. We have subleased part of the office space included in our operating leases for which we receive rental payments. The following table summarizes the components of lease costs and sublease income:

<i>In thousands</i>	Income Statement Presentation	Three Months Ended March 31, 2019
Operating lease cost	General and administrative expenses	\$ 2,415
Finance lease cost		
Amortization of right-of-use assets	Depletion, depreciation, and amortization	\$ 870
Interest on lease liabilities	Interest expense	30
Total finance lease cost		\$ 900
Sublease income	General and administrative expenses	\$ 1,036

Our statement of cash flows included the following activity related to our operating and finance leases:

<i>In thousands</i>	Three Months Ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 2,893
Operating cash flows from interest on finance leases	30
Financing cash flows from finance leases	935
Right-of-use assets obtained in exchange for lease obligations	
Operating leases	277
Finance leases	—

The following table summarizes by year the maturities of our lease liabilities as of March 31, 2019:

<i>In thousands</i>	Operating Leases	Finance Leases
2019	\$ 8,009	\$ 1,276
2020	9,874	775
2021	10,043	—
2022	10,260	—
2023	10,300	—
Thereafter	18,454	—
Total minimum lease payments	66,940	2,051
Less: Amount representing interest	(12,814)	(32)
Present value of minimum lease payments	\$ 54,126	\$ 2,019

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Denbury Resources Inc. Notes to Unaudited Condensed Consolidated Financial Statements

The following table summarizes by year the remaining non-cancelable future payments under our leases, as accounted for under previous accounting guidance under FASC Topic 840, *Leases*, as of December 31, 2018:

<i>In thousands</i>	Operating Leases
2019	\$ 10,690
2020	9,776
2021	10,007
2022	10,223
2023	10,262
Thereafter	18,169
Total minimum lease payments	<u>\$ 69,127</u>

Note 4. Long-Term Debt

The table below reflects long-term debt and capital lease obligations outstanding as of the dates indicated:

<i>In thousands</i>	March 31, 2019	December 31, 2018
Senior Secured Bank Credit Agreement	\$ —	\$ —
9% Senior Secured Second Lien Notes due 2021	614,919	614,919
9¼% Senior Secured Second Lien Notes due 2022	455,668	455,668
7½% Senior Secured Second Lien Notes due 2024	450,000	450,000
6¾% Senior Subordinated Notes due 2021	203,545	203,545
5½% Senior Subordinated Notes due 2022	314,662	314,662
4¾% Senior Subordinated Notes due 2023	307,978	307,978
Pipeline financings	176,900	180,073
Capital lease obligations	2,019	5,362
Total debt principal balance	2,525,691	2,532,207
Future interest payable ⁽¹⁾	250,217	250,218
Debt issuance costs	(12,343)	(13,089)
Total debt, net of debt issuance costs	2,763,565	2,769,336
Less: current maturities of long-term debt ⁽¹⁾	(120,258)	(105,125)
Long-term debt and capital lease obligations	<u>\$ 2,643,307</u>	<u>\$ 2,664,211</u>

- (1) Future interest payable represents most of the interest due over the terms of our 9% Senior Secured Second Lien Notes due 2021 (the “2021 Senior Secured Notes”) and 9¼% Senior Secured Second Lien Notes due 2022 (the “2022 Senior Secured 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, 2019 include \$102.7 million of future interest payable related to the 2021 Senior Secured Notes and 2022 Senior Secured Notes that is due within the next twelve months.

The ultimate parent company in our corporate structure, Denbury Resources Inc. (“DRI”), is the sole issuer of all of our outstanding senior secured 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”), which has been amended

Denbury Resources Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

periodically since that time. The Bank Credit Agreement is a senior secured revolving credit facility with a maturity date of December 9, 2021, provided that the maturity date may occur earlier (between February 2021 and August 2021) if the 2021 Senior Secured Notes due in May 2021 or 6¾% Senior Subordinated Notes due in August 2021, respectively, are not repaid or refinanced by each of their respective maturity dates. As part of our spring 2019 semiannual redetermination, the borrowing base and lender commitments for our Bank Credit Agreement were reaffirmed at \$615 million, with the next such redetermination being scheduled for November 2019. 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. 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:

- A Consolidated Total Debt to Consolidated EBITDAX covenant, with such ratio not to exceed 5.25 to 1.0 through December 31, 2020, and 4.50 to 1.0 thereafter;
- A consolidated senior secured debt to consolidated EBITDAX covenant, with such ratio not to exceed 2.5 to 1.0. 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.

As of March 31, 2019, we had no outstanding borrowings, and were in compliance with all debt covenants, under the Bank Credit Agreement. 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.

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” 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, 2019, 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, 2019, 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 ⁽¹⁾	Weighted Average Price								
				Swap	Sold Put	Floor	Ceiling					
Oil Contracts:												
2019 Fixed-Price Swaps												
Apr – June	NYMEX	3,500	\$ 59.00 – 59.10	\$ 59.05	\$ —	\$ —	\$ —					
Apr – Dec	Argus LLS	13,000	60.00 – 74.90	64.69	—	—	—					
2019 Three-Way Collars ⁽²⁾												
Apr – June	NYMEX	18,500	\$ 55.00 – 75.45	\$ —	\$ 48.84	\$ 56.84	\$ 69.94					
Apr – June	Argus LLS	5,500	62.00 – 86.00	—	54.73	63.09	79.93					
July – Dec	NYMEX	22,000	55.00 – 75.45	—	48.55	56.55	69.17					
July – Dec	Argus LLS	5,500	62.00 – 86.00	—	54.73	63.09	79.93					
2020 Fixed-Price Swaps												
Jan – Dec	Argus LLS	2,000	\$ 60.72 – 61.05	\$ 60.89	\$ —	\$ —	\$ —					
2020 Three-Way Collars ⁽²⁾												
Jan – June	NYMEX	8,000	\$ 57.50 – 82.65	\$ —	\$ 49.21	\$ 58.86	\$ 66.69					
Jan – June	Argus LLS	3,000	62.50 – 87.10	—	53.83	63.83	73.93					
July – Dec	NYMEX	6,000	58.25 – 82.65	—	49.59	59.13	67.47					
July – Dec	Argus LLS	1,000	65.00 – 87.10	—	55.00	65.00	86.80					

- (1) Ranges presented for fixed-price 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) 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

Denbury Resources Inc.
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on NYMEX pricing and fixed-price 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-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, 2019, instruments in this category include 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 are developed using a benchmark, which is considered a significant unobservable input. An increase or decrease of 100 basis points in the implied volatility inputs utilized in our fair value measurement would result in a change of approximately \$100 thousand in the fair value of these instruments as of March 31, 2019.

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
March 31, 2019				
Assets				
Oil derivative contracts – current	\$ —	\$ 11,259	\$ 2,753	\$ 14,012
Oil derivative contracts – long-term	—	987	1,035	2,022
Total Assets	<u>\$ —</u>	<u>\$ 12,246</u>	<u>\$ 3,788</u>	<u>\$ 16,034</u>
Liabilities				
Oil derivative contracts – current	\$ —	\$ (9,965)	\$ (72)	\$ (10,037)
Oil derivative contracts – long-term	—	(276)	(30)	(306)
Total Liabilities	<u>\$ —</u>	<u>\$ (10,241)</u>	<u>\$ (102)</u>	<u>\$ (10,343)</u>
December 31, 2018				
Assets				
Oil derivative contracts – current	\$ —	\$ 81,621	\$ 11,459	\$ 93,080
Oil derivative contracts – long-term	—	2,030	2,165	4,195
Total Assets	<u>\$ —</u>	<u>\$ 83,651</u>	<u>\$ 13,624</u>	<u>\$ 97,275</u>

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” in the accompanying Unaudited Condensed Consolidated Statements of Operations.

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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, 2019 and 2018:

<i>In thousands</i>	Three Months Ended March 31,	
	2019	2018
Fair value of Level 3 instruments, beginning of period	\$ 13,624	\$ —
Fair value losses on commodity derivatives	(9,047)	—
Receipts on settlements of commodity derivatives	(891)	—
Fair value of Level 3 instruments, end of period	\$ 3,686	\$ —
The amount of total losses for the period included in earnings attributable to the change in unrealized losses relating to assets or liabilities still held at the reporting date		
	\$ (6,481)	\$ —

We utilize an income approach to value our Level 3 three-way collars. We obtain and ensure the appropriateness of the significant inputs to the calculation, including contractual prices for the underlying instruments, maturity, forward prices for commodities, interest rates, volatility factors and credit worthiness, and the fair value estimate is prepared and reviewed on a quarterly basis. The following table details fair value inputs related to implied volatilities utilized in the valuation of our Level 3 oil derivative contracts:

	Fair Value at 3/31/2019 (in thousands)	Valuation Technique	Unobservable Input	Volatility Range
Oil derivative contracts	\$ 3,686	Discounted cash flow / Black-Scholes	Volatility of Light Louisiana Sweet for settlement periods beginning after March 31, 2019	12.3% – 30.5%

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 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, 2019 and December 31, 2018, excluding pipeline financing and capital lease obligations, was \$1,990.0 million and \$1,886.1 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. We accrue for losses from litigation and claims if we determine that a loss is probable and the amount can be reasonably estimated.

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Notes to Unaudited Condensed Consolidated Financial Statements

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 (“APMTG”). The helium supply contract provides for the delivery of a minimum contracted quantity of helium, 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 due to significant technical issues, we have not been able to supply helium under the helium supply contract. In a case filed in November 2014 in the Ninth Judicial District Court of Sublette County, Wyoming, APMTG claimed multiple years of liquidated damages for non-delivery of volumes of helium specified under the helium supply contract. The Company claimed that its contractual obligations were excused by virtue of events that fall within the force majeure provisions in the helium supply contract.

On March 11, 2019, the trial court entered a final judgment that a force majeure condition did exist, but the Company’s performance was excused by the force majeure provisions of the contract for only a 35-day period in 2014, and as a result the Company should pay APMTG liquidated damages and interest thereon for those time periods from contract commencement to the close of evidence (November 29, 2017) when the Company’s performance was not excused as provided in the contract.

The Company’s position continues to be that its contractual obligations have been and continue to be excused by events that fall within the force majeure provisions in the helium supply contract. On April 5, 2019, the Company filed a motion for amendment of judgment with the trial court requesting that the trial court amend certain of its findings of fact and conclusions of law with respect to the Company’s claims that a force majeure event excused the Company’s performance for a specified period of time after contract commencement. The Company intends to continue to vigorously defend its position and pursue all of its rights, including its right to appeal any portion of the trial court’s ruling to the Wyoming Supreme Court, the timing and results of which cannot be predicted at this time.

Subject to the Company’s motion for amendment of judgment, and absent reversal of the trial court’s factual or legal conclusions on appeal (the timing of which is currently unpredictable), the Company anticipates total liquidated damages would equal the \$46.0 million aggregate cap under the helium supply contract (including \$14.2 million of liquidated damages for the contract years ending July 31, 2018 and July 31, 2019) plus \$3.8 million of associated costs through March 31, 2019, for a total of \$49.8 million, which the Company has included in “Other liabilities” in our Unaudited Condensed Consolidated Balance Sheets as of March 31, 2019.

Note 8. Additional Balance Sheet Details

Accounts Payable and Accrued Liabilities

<i>In thousands</i>	March 31, 2019	December 31, 2018
Accounts payable	\$ 31,014	\$ 28,177
Accrued lease operating expenses	27,274	32,287
Accrued compensation	24,221	42,881
Accrued interest	24,080	31,391
Taxes payable	10,792	18,897
Accrued exploration and development costs	8,295	19,519
Other	21,648	25,228
Total	<u>\$ 147,324</u>	<u>\$ 198,380</u>

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, 2018 (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 CO₂ 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. Changes in oil prices impact all aspects of our business; most notably our cash flows from operations, revenues, and capital allocation and budgeting decisions. NYMEX oil prices rebounded from the low-\$40s at the end of 2018 to average in the mid-\$50s during the first quarter of 2019, with a continued increase to an average of \$64 during April 2019. With our continued focus on improving the Company's financial position and preserving liquidity, we have based our 2019 budget on a flat \$50 oil price, and our 2019 capital spending has been budgeted in a range of \$240 million to \$260 million, excluding capitalized interest and acquisitions, which is roughly a 23% decrease from our 2018 capital spending levels. Based on our original 2019 budget, assuming a flat \$50 oil price, we have estimated that our cash flows from operations would be significantly higher than our capital expenditures and result in Denbury generating significant excess cash flow during 2019. Also, we have hedged approximately 70% of our estimated 2019 production in order to provide a greater level of certainty in our 2019 cash flow. Based on our expected level of capital spending and other assumptions, we currently anticipate that our 2019 production will average between 56,000 and 60,000 BOE/d. Additional information concerning our 2019 budget and plans is included below under *Capital Resources and Liquidity – Overview*.

Operating Highlights. We recognized a net loss of \$25.7 million, or \$0.06 per diluted common share, during the first quarter of 2019, compared to net income of \$39.6 million, or \$0.09 per diluted common share, during the first quarter of 2018. The primary drivers of the change in our operating results were the following:

- Oil and natural gas revenues in the first quarter of 2019 decreased by \$45.4 million, or 13%, principally driven by a 12% decrease in realized oil prices.
- Commodity derivatives expense increased by \$34.6 million, primarily due to an increase of \$76.1 million in expense from noncash fair value adjustments, partially offset by a \$41.6 million net change in settlements on derivative contracts (receipts of \$8.2 million during the first quarter of 2019 compared to payments of \$33.4 million in the prior-year period).

We generated \$64.4 million of cash flow from operating activities in the first quarter of 2019, a decrease of \$27.2 million from first quarter of 2018 cash flow from operations of \$91.6 million. The decrease in cash flow from operations in the first quarter of 2019 was due primarily to an increase in working capital outflows of \$21.0 million between the comparative first quarters, as cash flow from operating activities before working capital changes was lower by only \$6.3 million.

Exploitation Drilling Update. In December 2018, we spudded our first well in the Cotton Valley interval at Tinsley Field, and in April 2019, we drilled a test well within the 2A Sand interval at Conroe Field, with plans to drill an additional well within the 2A Sand interval in July 2019. Initial results from these two wells are positive, and initial flow test results are expected during the second quarter of 2019. We continue to evaluate exploitation opportunities in additional horizons underlying the existing CO₂ EOR flood at Tinsley Field, as well as within oil-bearing formations at Conroe Field. At Cedar Creek Anticline, we currently have plans to drill up to four additional Mission Canyon wells and a potential Charles B follow-up well in the second half of 2019.

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, 2019, we generated cash flow from operations of \$119.2 million, before giving effect to \$54.8 million of cash outflows for working capital changes, which resulted in total cash flow from operations of \$64.4 million. We typically have our highest level of working capital outflows in the first quarter of each year due to payments in the first quarter for accrued compensation and accrued ad valorem tax payments. Also, this quarter we had a \$21.6 million increase in our accrued production receivable primarily due to a higher realized oil price in March 2019 as compared to December 2018. These working capital outflows in the first quarter were the primary reason for the reduction in our cash balance from \$38.6 million at December 31, 2018 to \$5.7 million at March 31, 2019. As of March 31, 2019, we had no outstanding borrowings on our \$615 million senior secured bank credit facility, leaving us with \$560.5 million of borrowing base availability after consideration of \$54.5 million of currently outstanding letters of credit.

We have historically tried to limit our development capital spending to be roughly the same as, or less than, our cash flow from operations, and our 2019 cash flows from operations are currently expected to well exceed our planned \$240 million to \$260 million of development capital expenditures for the year.

As an additional source of potential liquidity, the Company has been engaged in two asset sale processes. In the first process, we continue to market for sale approximately 4,000 acres of surface land with no active oil and gas operations in the Houston area. We remain focused on a strategy that we believe will ultimately yield the highest value for the land, and we expect most of that value to be realized over the next couple of years. During 2018, we consummated approximately \$5 million of land sales and currently have signed agreements for another \$9 million that we expect to close in 2019. In the second process, in early 2018 we began the process of portfolio optimization through the marketing of mature properties located in Mississippi and Louisiana and Citronelle Field in Alabama, and completed the sale of Lockhart Crossing Field for net proceeds of \$4.1 million during the third quarter of 2018. The pace and outcome of any sales of the remaining assets cannot be predicted at this time, but their successful completion could provide additional liquidity for financial or operational uses.

Over the last several years, we have been keenly focused on reducing leverage and improving the Company's financial condition. In total, we have reduced our outstanding debt principal by over \$1.0 billion between December 31, 2014 and March 31, 2019, primarily through debt exchanges, opportunistic open market debt repurchases, and the conversion in the second quarter of 2018 of all of our outstanding convertible senior notes into common stock. Our leverage metrics have improved considerably over the past year, due primarily to our cost reduction efforts, improvement in oil prices and our overall reduction in debt. In conjunction with our continuing efforts to improve the Company's balance sheet, we plan to assess, and may engage in, potential debt reduction and/or maturity extension transactions of various types, with a primary focus initially on our 2021 debt maturities.

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"), which has been amended periodically since that time. The Bank Credit Agreement is a senior secured revolving credit facility with a maturity date of December 9, 2021, provided that the maturity date may occur earlier (between February 2021 and August 2021) if the 9% Senior Secured Second Lien Notes due in May 2021 (the "2021 Senior Secured Notes") or 6³/₄% Senior Subordinated Notes due in August 2021, respectively, are not repaid or refinanced by each of their respective maturity dates. As part of our spring 2019 semiannual borrowing base redetermination, the borrowing base and lender commitments for our Bank Credit Agreement were reaffirmed at \$615 million, with the next such redetermination scheduled for November 2019. The Bank Credit Agreement contains certain financial performance covenants through the maturity of the facility, including the following:

- A Consolidated Total Debt to Consolidated EBITDAX covenant, with such ratio not to exceed 5.25 to 1.0 through December 31, 2020, and 4.50 to 1.0 thereafter;
- A consolidated senior secured debt to consolidated EBITDAX covenant, with such ratio not to exceed 2.5 to 1.0. 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, 2019, our ratio of consolidated total debt to consolidated EBITDAX was 4.32 to 1.0 (with a maximum permitted ratio of 5.25 to 1.0), our consolidated senior secured debt to consolidated EBITDAX was 0.00 to 1.0 (with a maximum permitted ratio of 2.5 to 1.0), our ratio of consolidated EBITDAX to

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

consolidated interest charges was 3.09 to 1.0 (with a required ratio of not less than 1.25 to 1.0), and our current ratio was 3.38 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 6, 2019, 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.

Capital Spending. We currently anticipate that our full-year 2019 capital spending, excluding capitalized interest and acquisitions, will be approximately \$240 million to \$260 million. Although we currently have no plans to adjust our anticipated capital spending for 2019, we continually evaluate our expected cash flows and capital expenditures throughout the year and could adjust capital expenditures if our cash flows were to meaningfully change. Capitalized interest is currently estimated at between \$30 million and \$40 million for 2019. The 2019 capital budget, excluding capitalized interest and acquisitions, provides for approximate spending as follows:

- \$100 million allocated for tertiary oil field expenditures;
- \$70 million allocated for other areas, primarily non-tertiary oil field expenditures including exploitation;
- \$30 million to be spent on CO₂ sources and pipelines; and
- \$50 million for other capital items such as capitalized internal acquisition, exploration and development costs and pre-production tertiary startup costs.

Based upon our currently forecasted levels of production and costs, commodity hedges in place, and current oil commodity futures prices, we intend to fund our development capital spending with cash flow from operations. If prices were to decrease or changes in operating results were to cause a reduction in anticipated 2019 cash flows significantly below our currently forecasted operating cash flows, we would likely reduce our capital expenditures. If we reduce our capital spending due to lower cash flows, any sizeable reduction would likely lower our anticipated production levels in future years.

Capital Expenditure Summary. The following table reflects incurred capital expenditures (including accrued capital) for the three months ended March 31, 2019 and 2018:

<i>In thousands</i>	Three Months Ended March 31,	
	2019	2018
Capital expenditure summary		
Tertiary oil fields	\$ 26,028	\$ 18,273
Non-tertiary fields	21,674	14,922
Capitalized internal costs ⁽¹⁾	11,890	14,085
Oil and natural gas capital expenditures	59,592	47,280
CO ₂ pipelines, sources and other	1,571	347
Capital expenditures, before acquisitions and capitalized interest	61,163	47,627
Acquisitions of oil and natural gas properties	29	35
Capital expenditures, before capitalized interest	61,192	47,662
Capitalized interest	10,534	8,452
Capital expenditures, total	\$ 71,726	\$ 56,114

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

Off-Balance Sheet Arrangements. Our off-balance sheet arrangements include obligations for various 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, 2018, 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, 2019 and 2018 are included in the following table:

<i>In thousands, except per-share and unit data</i>	Three Months Ended March 31,	
	2019	2018
Operating results		
Net income (loss)	\$ (25,674)	\$ 39,578
Net income (loss) per common share – basic	(0.06)	0.10
Net income (loss) per common share – diluted	(0.06)	0.09
Net cash provided by operating activities	64,366	91,627
Average daily production volumes		
Bbls/d	57,414	58,354
Mcf/d	10,827	11,904
BOE/d ⁽¹⁾	59,218	60,338
Operating revenues		
Oil sales	\$ 291,965	\$ 337,406
Natural gas sales	2,612	2,615
Total oil and natural gas sales	<u>\$ 294,577</u>	<u>\$ 340,021</u>
Commodity derivative contracts⁽²⁾		
Receipt (payment) on settlements of commodity derivatives	\$ 8,206	\$ (33,357)
Noncash fair value losses on commodity derivatives ⁽³⁾	(91,583)	(15,468)
Commodity derivatives expense	<u>\$ (83,377)</u>	<u>\$ (48,825)</u>
Unit prices – excluding impact of derivative settlements		
Oil price per Bbl	\$ 56.50	\$ 64.25
Natural gas price per Mcf	2.68	2.44
Unit prices – including impact of derivative settlements⁽²⁾		
Oil price per Bbl	\$ 58.09	\$ 57.89
Natural gas price per Mcf	2.68	2.44
Oil and natural gas operating expenses		
Lease operating expenses	\$ 125,423	\$ 118,356
Marketing expenses, net of third-party purchases, and plant operating expenses ⁽⁴⁾	10,015	9,522
Production and ad valorem taxes	22,034	25,032
Oil and natural gas operating revenues and expenses per BOE		
Oil and natural gas revenues	\$ 55.27	\$ 62.61
Lease operating expenses	23.53	21.80
Marketing expenses, net of third-party purchases, and plant operating expenses ⁽⁴⁾	1.88	1.75
Production and ad valorem taxes	4.13	4.61
CO₂ sources – revenues and expenses		
CO ₂ sales and transportation fees	\$ 8,570	\$ 7,552
CO ₂ discovery and operating expenses	(556)	(462)
CO ₂ revenue and expenses, net	<u>\$ 8,014</u>	<u>\$ 7,090</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 losses on commodity derivatives is a non-GAAP measure and is different from "Commodity derivatives expense" in the Unaudited Condensed Consolidated Statements of Operations in that the noncash fair value 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 receipts on settlements of \$8.2 million for the three months ended March 31, 2019 compared to payments on settlements of \$33.4 million for the three months ended March 31, 2018. We believe that noncash fair value losses on commodity derivatives is a useful supplemental disclosure to "Commodity derivatives expense" 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 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" in the Unaudited Condensed Consolidated Statements of Operations.
- (4) Represents "Marketing and plant operating expenses" as presented in the Unaudited Condensed Consolidated Statements of Operations excluding expenses for purchases of oil from third-parties.

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Production

Average daily production by area for each of the four quarters of 2018 and for the first quarter of 2019 is shown below:

Operating Area	Average Daily Production (BOE/d)				
	First Quarter 2018	Second Quarter 2018	Third Quarter 2018	Fourth Quarter 2018	First Quarter 2019
Tertiary oil production					
<i>Gulf Coast region</i>					
Delhi	4,169	4,391	4,383	4,526	4,474
Hastings	5,704	5,716	5,486	5,480	5,539
Heidelberg	4,445	4,330	4,376	4,269	3,987
Oyster Bayou	5,056	4,961	4,578	4,785	4,740
Tinsley	6,053	5,755	5,294	5,033	4,659
West Yellow Creek	57	142	240	375	436
Mature properties ⁽¹⁾	6,726	6,725	6,612	6,748	6,479
Total Gulf Coast region	32,210	32,020	30,969	31,216	30,314
<i>Rocky Mountain region</i>					
Bell Creek	4,050	4,010	3,970	4,421	4,650
Salt Creek	2,002	2,049	2,274	2,107	2,057
Other	—	—	6	20	52
Total Rocky Mountain region	6,052	6,059	6,250	6,548	6,759
Total tertiary oil production	38,262	38,079	37,219	37,764	37,073
Non-tertiary oil and gas production					
<i>Gulf Coast region</i>					
Mississippi	875	901	1,038	1,023	1,034
Texas	4,386	4,947	4,533	4,319	4,345
Other	431	388	421	457	466
Total Gulf Coast region	5,692	6,236	5,992	5,799	5,845
<i>Rocky Mountain region</i>					
Cedar Creek Anticline	14,437	15,742	14,208	14,961	14,987
Other	1,485	1,490	1,409	1,343	1,313
Total Rocky Mountain region	15,922	17,232	15,617	16,304	16,300
Total non-tertiary production	21,614	23,468	21,609	22,103	22,145
Total continuing production	59,876	61,547	58,828	59,867	59,218
Property sales					
Lockhart Crossing ⁽²⁾	462	447	353	—	—
Total production	60,338	61,994	59,181	59,867	59,218

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

(2) Includes production from Lockhart Crossing Field sold in the third quarter of 2018.

Total production during the first quarter of 2019 averaged 59,218 BOE/d, including 37,073 Bbls/d, or 63%, from tertiary properties and 22,145 BOE/d from non-tertiary properties. First quarter 2019 total production was essentially flat with total continuing production levels in the fourth quarter of 2018 and first quarter of 2018 despite our reduced capital spending levels over the past few years. Our production during the three months ended March 31, 2019 was 97% oil, consistent with oil production during the prior-year period.

Oil and Natural Gas Revenues

Our oil and natural gas revenues during the three months ended March 31, 2019 decreased 13% compared to these revenues for the same period in 2018. 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, 2019 vs. 2018	
	Decrease in Revenues	Percentage Decrease in Revenues
Change in oil and natural gas revenues due to:		
Decrease in production	\$ (6,308)	(2)%
Decrease in commodity prices	(39,136)	(11)%
Total decrease in oil and natural gas revenues	<u>\$ (45,444)</u>	<u>(13)%</u>

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, 2019 and 2018:

	Three Months Ended March 31,	
	2019	2018
Average net realized prices		
Oil price per Bbl	\$ 56.50	\$ 64.25
Natural gas price per Mcf	2.68	2.44
Price per BOE	55.27	62.61
Average NYMEX differentials		
Gulf Coast region		
Oil per Bbl	\$ 4.26	\$ 2.05
Natural gas per Mcf	(0.10)	0.10
Rocky Mountain region		
Oil per Bbl	\$ (2.56)	\$ (0.06)
Natural gas per Mcf	(0.28)	(0.92)
Total Company		
Oil per Bbl	\$ 1.63	\$ 1.29
Natural gas per Mcf	(0.20)	(0.40)

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.

- **Gulf Coast Region.** Our average NYMEX oil differential in the Gulf Coast region was a positive \$4.26 per Bbl and a positive \$2.05 per Bbl during the first quarters of 2019 and 2018, respectively, and a positive \$5.34 per Bbl during the fourth quarter of 2018. Generally, our Gulf Coast region differentials are positive to NYMEX and highly correlated to the changes in prices of Light Louisiana Sweet crude oil, which have generally strengthened over the past year.
- **Rocky Mountain Region.** NYMEX oil differentials in the Rocky Mountain region averaged \$2.56 per Bbl and \$0.06 per Bbl below NYMEX during the first quarters of 2019 and 2018, respectively, and \$4.31 per Bbl below NYMEX during the fourth quarter of 2018. Differentials in the Rocky Mountain region can fluctuate significantly on a month-to-month

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basis due to weather, refinery or transportation issues, and Canadian and U.S. crude oil price index volatility. Although our differentials in the Rocky Mountain region have weakened somewhat from a year ago, they have improved from the differentials we experienced in the fourth quarter of 2018.

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, 2019 and 2018:

<i>In thousands</i>	Three Months Ended March 31,	
	2019	2018
Receipt (payment) on settlements of commodity derivatives	\$ 8,206	\$ (33,357)
Noncash fair value losses on commodity derivatives ⁽¹⁾	(91,583)	(15,468)
Total expense	<u>\$ (83,377)</u>	<u>\$ (48,825)</u>

- (1) Noncash fair value losses on commodity derivatives is a non-GAAP measure. See *Operating Results Table* above for a discussion of the reconciliation between noncash fair value losses on commodity derivatives to "Commodity derivatives expense" in the Unaudited Condensed Consolidated Statements 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 2020 using both NYMEX and LLS fixed-price swaps and three-way collars. See Note 5, *Commodity Derivative Contracts*, to the Unaudited Condensed Consolidated Financial Statements for additional details of our outstanding commodity derivative contracts as of March 31, 2019, 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 6, 2019:

		2Q 2019	2H 2019	1H 2020	2H 2020
WTI NYMEX	Volumes Hedged (Bbls/d)	3,500	—	2,000	2,000
Fixed-Price Swaps	Swap Price ⁽¹⁾	\$59.05	—	\$60.59	\$60.59
Argus LLS	Volumes Hedged (Bbls/d)	13,000	13,000	4,000	4,000
Fixed-Price Swaps	Swap Price ⁽¹⁾	\$64.69	\$64.69	\$62.41	\$62.41
WTI NYMEX	Volumes Hedged (Bbls/d)	18,500	22,000	9,500	7,500
3-Way Collars	Sold Put Price / Floor / Ceiling Price ⁽¹⁾⁽²⁾	\$48.84 / \$56.84 / \$69.94	\$48.55 / \$56.55 / \$69.17	\$49.33 / \$58.94 / \$66.50	\$49.67 / \$59.17 / \$67.07
Argus LLS	Volumes Hedged (Bbls/d)	5,500	5,500	4,500	2,500
3-Way Collars	Sold Put Price / Floor / Ceiling Price ⁽¹⁾⁽²⁾	\$54.73 / \$63.09 / \$79.93	\$54.73 / \$63.09 / \$79.93	\$53.89 / \$63.89 / \$72.55	\$54.40 / \$64.40 / \$76.59
Total Volumes Hedged (Bbls/d)		40,500	40,500	20,000	16,000

- (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.

Based on current contracts in place and NYMEX oil futures prices as of May 6, 2019, which averaged approximately \$62 per Bbl, we currently expect that we would make cash payments of approximately \$15 million during the remainder of 2019 upon settlement of the 2019 contracts, the amount of which is dependent upon fluctuations in future NYMEX oil prices in relation to the prices of our 2019 fixed-price swaps which have weighted average prices of \$59.05 per Bbl and \$64.69 per Bbl for NYMEX and LLS hedges, respectively, and weighted average ceiling prices of our 2019 three-way collars of \$69.40 per Bbl and \$79.93 per Bbl for NYMEX and LLS hedges, respectively. 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

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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

<i>In thousands, except per-BOE data</i>	Three Months Ended March 31,	
	2019	2018
Total lease operating expenses	\$ 125,423	\$ 118,356
Total lease operating expenses per BOE	\$ 23.53	\$ 21.80

Total lease operating expenses increased \$7.1 million (6%) on an absolute-dollar basis, or \$1.73 (8%) on a per-BOE basis, during the three months ended March 31, 2019, compared to levels in the same period in 2018. Our lease operating expenses during the current-year period were primarily impacted by higher CO₂ expense due to an increase in injection volumes and new floods and expansion areas moving into the production stage, resulting in costs being expensed versus capitalized, as well as an increase in contract labor primarily at CCA. Compared to the fourth quarter of 2018, lease operating expenses decreased \$3.0 million (2%) on an absolute-dollar basis primarily due to lower workover expense, but remained relatively flat on a per-BOE basis due to slightly lower oil production in the first quarter of 2019.

Currently, our CO₂ expense comprises approximately 25% of our typical tertiary lease operating expenses, and for the CO₂ reserves we already own, consists of CO₂ production expenses, and for the CO₂ reserves we do not own, consists of our purchase of CO₂ from royalty and working interest owners and industrial sources. During the first quarters of 2019 and 2018, approximately 56% and 54%, respectively, of the CO₂ utilized in our CO₂ floods consisted of CO₂ owned and produced by us (our net revenue interest). The price we pay others for CO₂ varies by source and is generally indexed to oil prices. When combining the production cost of the CO₂ we own with what we pay third parties for CO₂, our average cost of CO₂ was approximately \$0.39 per Mcf during the first quarter of 2019, including taxes paid on CO₂ production but excluding depletion, depreciation and amortization of capital expended at our CO₂ source fields and industrial sources. This per-Mcf CO₂ cost during the first quarter of 2019 was consistent with the first quarter of 2018, but lower than the \$0.42 per Mcf comparable measure during the fourth quarter of 2018, as the previous quarter included certain pipeline maintenance costs, as well as higher utilization of industrial-sourced CO₂ in our Gulf Coast region, which has a higher average cost than our naturally-occurring CO₂ sources.

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 \$12.0 million and \$12.4 million for the three months ended March 31, 2019 and 2018, respectively.

Taxes Other Than Income

Taxes other than income includes production, ad valorem and franchise taxes. Taxes other than income decreased \$3.5 million (13%) during the three months ended March 31, 2019 compared to the same prior-year period, due primarily to a decrease in production taxes resulting from lower oil and natural gas revenues.

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General and Administrative Expenses ("G&A")

<i>In thousands, except per-BOE data and employees</i>	Three Months Ended March 31,	
	2019	2018
Gross cash compensation and administrative costs	\$ 54,701	\$ 57,038
Gross stock-based compensation	4,306	3,302
Operator labor and overhead recovery charges	(29,875)	(31,137)
Capitalized exploration and development costs	(10,207)	(8,971)
Net G&A expense	<u>\$ 18,925</u>	<u>\$ 20,232</u>
G&A per BOE		
Net cash administrative costs	\$ 2.94	\$ 3.25
Net stock-based compensation	0.61	0.48
Net G&A expenses	<u>\$ 3.55</u>	<u>\$ 3.73</u>
Employees as of March 31	843	872

Our net G&A expenses on an absolute-dollar basis decreased \$1.3 million (6%), or \$0.18 (5%) on a per-BOE basis, during the three months ended March 31, 2019 compared to the same period in 2018, primarily due to the Company's continued focus on cost reduction efforts.

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,	
	2019	2018
Cash interest ⁽¹⁾	\$ 47,948	\$ 46,603
Less: interest not reflected as expense for financial reporting purposes ⁽¹⁾	(21,279)	(22,049)
Noncash interest expense	1,263	1,137
Less: capitalized interest	(10,534)	(8,452)
Interest expense, net	<u>\$ 17,398</u>	<u>\$ 17,239</u>
Interest expense, net per BOE	\$ 3.26	\$ 3.17
Average debt principal outstanding	\$ 2,540,628	\$ 2,742,711
Average interest rate ⁽²⁾	7.5%	6.8%

- (1) Cash interest includes the portion of interest on certain debt instruments accounted for as a reduction of debt for GAAP financial reporting purposes in accordance with Financial Accounting Standards Board Codification 470-60, *Troubled Debt Restructuring by Debtors*. The portion of interest treated as a reduction of debt relates to our 2021 Senior Secured Notes, 9% Senior Secured Second Lien Notes due 2022 (the "2022 Senior Secured Notes"), and our previously outstanding 3½% Convertible Senior Notes due 2024 (the "2024 Convertible Senior Notes") and 5% Convertible Senior Notes due 2023 (the "2023 Convertible Senior Notes"). See below for further discussion.

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

As reflected in the table above, cash interest expense during the three months ended March 31, 2019 increased \$1.3 million (3%) when compared to the prior-year period due primarily to an increase in our weighted-average interest rate. Despite an overall reduction in the debt principal balance as a result of the conversion of our previously outstanding 2024 Convertible Senior Notes and 2023 Convertible Senior Notes into shares of Denbury common stock in the second quarter of 2018, our average interest rate increased between the first quarter of 2018 and 2019 as the interest rate on the 7½% Senior Secured Second Lien Notes due 2024 issued in August 2018 was higher than the interest rate on our previously outstanding borrowings on our senior secured bank credit facility.

Capitalized interest during the three months ended March 31, 2019 increased \$2.1 million (25%) compared to the same period in 2018, primarily due to an increase in the number of projects that qualify for interest capitalization.

Future interest payable related to our 2021 Senior Secured Notes and 2022 Senior Secured Notes is accounted for in accordance with Financial Accounting Standards Board Codification 470-60, *Troubled Debt Restructuring by Debtors*, whereby most of the future interest was recorded as debt as of the transaction date, which will be reduced as semiannual interest payments are made. Future interest payable recorded as debt totaled \$250.2 million as of March 31, 2019. Therefore, interest expense reflected in our Unaudited Condensed Consolidated Financial Statements will be significantly lower than the actual cash interest payment.

Depletion, Depreciation, and Amortization ("DD&A")

<i>In thousands, except per-BOE data</i>	Three Months Ended March 31,	
	2019	2018
Oil and natural gas properties	\$ 36,835	\$ 31,871
CO ₂ properties, pipelines, plants and other property and equipment	20,462	20,580
Total DD&A	<u>\$ 57,297</u>	<u>\$ 52,451</u>
DD&A per BOE		
Oil and natural gas properties	\$ 6.91	\$ 5.87
CO ₂ properties, pipelines, plants and other property and equipment	3.84	3.79
Total DD&A cost per BOE	<u>\$ 10.75</u>	<u>\$ 9.66</u>

The increase in our oil and natural gas properties depletion during the three months ended March 31, 2019, when compared to the same period in 2018, was primarily due to an increase in depletable costs resulting from increases in our capitalized costs and future development costs associated with our reserves base, partially offset by an increase in proved oil and natural gas reserve quantities.

Income Taxes

<i>In thousands, except per-BOE amounts and tax rates</i>	Three Months Ended March 31,	
	2019	2018
Current income tax benefit	\$ (1,281)	\$ (1,032)
Deferred income tax expense (benefit)	(9,478)	15,052
Total income tax expense (benefit)	<u>\$ (10,759)</u>	<u>\$ 14,020</u>
Average income tax expense (benefit) per BOE	\$ (2.02)	\$ 2.58
Effective tax rate	29.5%	26.2%
Total net deferred tax liability	\$ 300,280	\$ 213,151

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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% in 2019 and 2018. Our effective tax rate for the three months ended March 31, 2019 was higher than our estimated statutory rate, primarily due to establishment of a valuation allowance against a portion of our business interest expense deduction that we estimate will be disallowed in the current year. The Tax Cuts and Jobs Act ("The Act"), which was enacted on December 22, 2017, revised the rules regarding the deductibility of business interest expense by limiting that deduction to 30% of adjusted taxable income (as defined), with disallowed amounts being carried forward to future taxable years. Based on our evaluation, using information existing as of the balance sheet date, of the near-term ability to utilize the tax benefits associated with our 2019 disallowed business interest expense, we have established a valuation allowance through our annual estimated effective income tax rate for that portion of our 2019 business interest expense that is currently expected to exceed the allowed limitation under The Act. Our effective tax rate for the three months ended March 31, 2018 differed from our estimated statutory rate, primarily due to the impact of a stock-based compensation deduction shortfall of \$1.2 million.

The current income tax benefits for the three months ended March 31, 2019 and 2018, represent amounts estimated to be receivable resulting from alternative minimum tax credits and certain state tax obligations.

As of March 31, 2019, we had estimated amounts available for carry forward of \$57.8 million of enhanced oil recovery credits related to our tertiary operations, \$21.6 million of research and development credits, and \$18.1 million of alternative minimum tax credits. The alternative minimum tax credits are fully refundable by 2021 and are recorded as a receivable on the balance sheet. The enhanced oil recovery credits and research and development credits do not begin to expire until 2024 and 2031, respectively.

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,	
	2019	2018
Oil and natural gas revenues	\$ 55.27	\$ 62.61
Receipt (payment) on settlements of commodity derivatives	1.54	(6.14)
Lease operating expenses	(23.53)	(21.80)
Production and ad valorem taxes	(4.13)	(4.61)
Marketing expenses, net of third-party purchases, and plant operating expenses	(1.88)	(1.75)
Production netback	27.27	28.31
CO ₂ sales, net of operating and exploration expenses	1.51	1.30
General and administrative expenses	(3.55)	(3.73)
Interest expense, net	(3.26)	(3.17)
Other	0.39	0.39
Changes in assets and liabilities relating to operations	(10.28)	(6.23)
Cash flows from operations	12.08	16.87
DD&A	(10.75)	(9.66)
Deferred income taxes	1.78	(2.77)
Noncash fair value losses on commodity derivatives ⁽¹⁾	(17.18)	(2.85)
Other noncash items	9.25	5.70
Net income (loss)	\$ (4.82)	\$ 7.29

- (1) Noncash fair value losses on commodity derivatives is a non-GAAP measure. See *Operating Results Table* above for a discussion of the reconciliation between noncash fair value losses on commodity derivatives to "Commodity derivatives expense" 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 their volatility, current or future liquidity sources or their adequacy to support our anticipated future activities, our ability to further reduce our debt levels or extend debt maturities, together with assumptions based on current and projected production levels, 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, price and 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 purchases or sales or the timing or proceeds thereof, estimated timing of commencement of CO₂ flooding of particular fields or areas, including CCA, or the availability of capital for CCA pipeline construction, or its ultimate cost or date of completion, timing of CO₂ 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, hydrocarbon reserve quantities and values, CO₂ reserves and supply and their availability, potential reserves, barrels or percentages of recoverable original oil in place, levels of 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, rates of return, estimated costs, changes in costs, future capital expenditures and overall economics, worldwide economic conditions, the likelihood and extent of an economic slowdown, and other variables surrounding 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, 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, 2019, we did not have any outstanding borrowings on our senior secured bank credit facility. 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 and senior subordinated notes are based on quoted market prices. The following table presents the principal and fair values of our outstanding debt as of March 31, 2019.

<i>In thousands</i>	2021	2022	2023	2024	Total	Fair Value
Fixed rate debt:						
9% Senior Secured Second Lien Notes due 2021	\$ 614,919	\$ —	\$ —	\$ —	\$ 614,919	\$ 598,009
9¼% Senior Secured Second Lien Notes due 2022	—	455,668	—	—	455,668	439,720
7½% Senior Secured Second Lien Notes due 2024	—	—	—	450,000	450,000	382,500
6¾% Senior Subordinated Notes due 2021	203,545	—	—	—	203,545	156,730
5½% Senior Subordinated Notes due 2022	—	314,662	—	—	314,662	218,690
4⅝% Senior Subordinated Notes due 2023	—	—	307,978	—	307,978	194,365

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 2020 using both NYMEX and LLS fixed-price swaps and three-way collars. Depending on market conditions, we may continue to add to our existing 2019 and 2020 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, 2019, our commodity derivative contracts were recorded at their fair value, which was a net asset of \$5.7 million, a \$91.6 million decrease from the \$97.3 million net asset recorded at December 31, 2018. These changes are primarily related to the expiration of commodity derivative contracts during the three months ended March 31, 2019, new commodity derivative

contracts entered into during 2019 for future periods, and to the changes in oil futures prices between December 31, 2018 and March 31, 2019.

Commodity Derivative Sensitivity Analysis

Based on NYMEX and LLS crude oil futures prices as of March 31, 2019, and assuming both a 10% increase and decrease thereon, we would expect to receive or make payments on our crude oil derivative contracts as shown in the following table:

<i>In thousands</i>	Receipt / (Payment)
Based on:	Crude Oil Derivative Contracts
Futures prices as of March 31, 2019	\$ 872
10% increase in prices	(35,780)
10% decrease in prices	69,387

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, 2019, 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 2019, 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. We 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 (“APMTG”). The helium supply contract provides for the delivery of a minimum contracted quantity of helium, 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 due to significant technical issues, we have not been able to supply helium under the helium supply contract. In a case filed in November 2014 in the Ninth Judicial District Court of Sublette County, Wyoming, APMTG claimed multiple years of liquidated damages for non-delivery of volumes of helium specified under the helium supply contract. The Company claimed that its contractual obligations were excused by virtue of events that fall within the force majeure provisions in the helium supply contract.

On March 11, 2019, the trial court entered a final judgment that a force majeure condition did exist, but the Company’s performance was excused by the force majeure provisions of the contract for only a 35-day period in 2014, and as a result the Company should pay APMTG liquidated damages and interest thereon for those time periods from contract commencement to the close of evidence (November 29, 2017) when the Company’s performance was not excused as provided in the contract.

The Company’s position continues to be that its contractual obligations have been and continue to be excused by events that fall within the force majeure provisions in the helium supply contract. On April 5, 2019, the Company filed a motion for amendment of judgment with the trial court requesting that the trial court amend certain of its findings of fact and conclusions of law with respect to the Company’s claims that a force majeure event excused the Company’s performance for a specified period of time after contract commencement. The Company intends to continue to vigorously defend its position and pursue all of its rights, including its right to appeal any portion of the trial court’s ruling to the Wyoming Supreme Court, the timing and results of which cannot be predicted at this time.

Subject to the Company’s motion for amendment of judgment, and absent reversal of the trial court’s factual or legal conclusions on appeal (the timing of which is currently unpredictable), the Company anticipates total liquidated damages would equal the \$46.0 million aggregate cap under the helium supply contract (including \$14.2 million of liquidated damages for the contract years ending July 31, 2018 and July 31, 2019) plus \$3.8 million of associated costs through March 31, 2019, for a total of \$49.8 million, which the Company has included in “Other liabilities” in our Unaudited Condensed Consolidated Balance Sheets as of March 31, 2019.

Environmental Protection Agency Matter Concerning Certain Fields

The Company previously entered into a series of tolling agreements with the Environmental Protection Agency (“EPA”), and has been in discussions with the agency over the past several years regarding the EPA’s contention that it has causes of action under the Clean Water Act (“CWA”) related to releases (principally between 2008 and 2013) of oil and produced water containing small amounts of oil in the Citronelle Field in southern Alabama and several fields in Mississippi. The EPA has taken the position that these releases were in violation of the CWA.

In April 2019, the discussions concluded and the parties reached agreement on a proposed Consent Decree among the Company, the United States, and the State of Mississippi resolving the allegations of CWA violations. The proposed Consent Decree was lodged in U.S. District Court in Mississippi for a 30-day public comment period and will become effective only upon the District Court entering the Consent Decree as a judgment of the court. If approved, the Consent Decree would require the Company to

pay civil penalties totaling \$3.5 million in the aggregate to the United States and the State of Mississippi, to implement enhancements to the Company's mechanical integrity program designed to minimize the occurrence and impact of any future releases at the Mississippi fields, and to perform other relief such as enhanced training and reporting requirements with respect to the Mississippi fields.

Item 1A. Risk Factors

Please refer to Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018. There have been no material changes to our risk factors contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

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 2019:

Month	Total Number of Shares Purchased ⁽¹⁾	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) ⁽²⁾
January 2019	8,758	\$ 2.13	—	\$ 210.1
February 2019	671	1.96	—	210.1
March 2019	522,065	2.05	—	210.1
Total	531,494		—	

- (1) Shares purchased during the first quarter of 2019 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

Exhibit No.	Exhibit
10(a)*	Seventh Amendment to Amended and Restated Credit Agreement, dated as of May 3, 2019, by and among Denbury Resources Inc., as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, and the financial institutions party thereto.
10(b)*	2019 Form of TSR Performance Award-Cash under the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc.
10(c)*	2019 Form of TSR Performance Award-Equity under the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc.
10(d)*	2019 Form of Debt-Adjusted Reserves Growth Per Share Performance Award-Cash under the 2004 Omnibus Stock and Incentive Plan for Denbury Resources Inc.
10(e)*	2019 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 9, 2019

/s/ Mark C. Allen

Mark C. Allen
Executive Vice President and Chief Financial Officer

May 9, 2019

/s/ Alan Rhoades

Alan Rhoades
Vice President and Chief Accounting Officer

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

This seventh Amendment to Amended and Restated Credit Agreement (this “**Seventh Amendment**”) is entered into as of May 3, 2019 (the “**Seventh Amendment Effective Date**”), by and among Denbury Resources Inc., a Delaware corporation (“**Borrower**”), the Guarantors party hereto, JPMorgan Chase Bank, N.A., as Administrative Agent (“**Administrative Agent**”), the Letter of Credit Issuer, the Swingline Lender and the Lenders party hereto.

RECITALS

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

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

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

WHEREAS, subject to and upon the terms and conditions set forth herein, the Lenders have agreed to enter into this Seventh Amendment to, among other things, (i) evidence the reaffirmation of the Borrowing Base of \$615,000,000 as set forth in Section 2 hereof and (ii) amend certain provisions of the Credit Agreement as more specifically provided for herein.

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

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

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

“**Seventh Amendment**” shall mean that certain Seventh Amendment to Amended and Restated Credit Agreement dated as of the Seventh Amendment

Effective Date among the Borrower, the Guarantors, the Administrative Agent and the Lenders party thereto.

“Seventh Amendment Effective Date” means May 3, 2019.

1.2 **Restatement of Definitions.** The following definitions contained in Section 1.1 of the Credit Agreement are hereby amended and restated in their respective entireties to read in full as follows:

“Capital Leases” shall mean, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is, or is required to be, capitalized or accounted for as a capital lease or finance lease on the balance sheet of that Person.

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

1.3 **Amendment to Section 1.3 of the Credit Agreement.** Section 1.3 of the Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

1.3 **Accounting Terms.** All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be calculated, submitted and/or delivered (or deemed delivered) pursuant to this Agreement shall be prepared in conformity with, GAAP, applied in a manner consistent with, (a) solely with respect to such financial data required to be calculated, submitted and/or delivered (or deemed delivered) prior to the Seventh Amendment Effective Date (other than with respect to any Test Periods ending after December 31, 2018), the Historical Financial Statements, and (b) with respect to such financial data required to be so calculated, submitted and/or delivered (or deemed delivered) on or after the Seventh Amendment Effective or with respect to any Test Period ending on or after March 31, 2019, the unaudited consolidated financial statements and audited consolidated financial statements first delivered (or deemed delivered) to the Lenders after the Seventh Amendment Effective Date, in each case of clauses (a) and (b) hereof, except as otherwise specifically prescribed herein; *provided, however*, that if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Seventh Amendment Effective Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP

or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made giving effect to Financial Accounting Standards Board Accounting Standards Codification 842 with respect to the accounting treatment of capital leases and operating leases thereof, but without giving effect to any election under Financial Accounting Standards Board Accounting Standards Codification 825 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at “fair value”, as defined therein.

Section 2. Borrowing Base Redetermination. In reliance on the representations, warranties, covenants and agreements contained in this Seventh Amendment, and subject to the satisfaction or waiver of the conditions precedent set forth in Section 3 hereof, the Administrative Agent and the Lenders hereby agree that the Borrowing Base of \$615,000,000 is hereby reaffirmed, and the Borrowing Base shall remain at \$615,000,000 until the next Scheduled Redetermination, Interim Redetermination or other adjustment to the Borrowing Base thereafter, whichever occurs first pursuant to the Credit Agreement. The redetermination of the Borrowing Base provided for in this Section 2 shall be deemed to be the Scheduled Redetermination scheduled for on or about May 1, 2019 for purposes of Section 2.14 of the Credit Agreement.

Section 3. Conditions Precedent to Amendment. Subject to the satisfaction (or waiver) of the following conditions, the amendments to the Credit Agreement contained in Section 1 hereof and the reaffirmation of the Borrowing Base set forth in Section 2 shall each be effective on the Seventh Amendment Effective Date:

3.1 **Counterparts.** The Administrative Agent shall have received (a) counterparts hereof duly executed by an Authorized Officer of the Borrower and the Guarantors and (b) executed counterparts of the Administrative Agent and the Lenders constituting the Required Lenders.

3.2 **No Default; No Borrowing Base Deficiency.** No Default or Event of Default shall have occurred which is continuing, and no Borrowing Base Deficiency shall then exist, in each case, before and after giving effect to this Seventh Amendment.

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

Each Lender, by delivering its signature page to this Seventh Amendment, shall be deemed to have acknowledged receipt of, and consented to and approved, this Seventh Amendment and each other document, agreement and/or instrument or other matter required to be approved by Lenders on the Seventh Amendment Effective Date. The Administrative Agent is hereby authorized and directed to declare the amendments in Section 1 hereof to be effective on the date it confirms to the

Borrower in writing that the foregoing conditions have been met to the reasonable satisfaction of Administrative Agent (or the waiver of such conditions as permitted hereby). Such declaration shall be final, conclusive and binding upon the Lenders and all other parties to the Credit Agreement for all purposes.

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

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

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

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

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

Section 5. Miscellaneous.

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

5.2 **Reaffirmation of Credit Documents.** Any and all of the terms and provisions of the Credit Agreement and the other Credit Documents shall remain in full force and effect as amended and modified hereby. The amendments contemplated hereby shall not limit or impair any Liens securing the Obligations nor limit or impair any guarantees of any Guarantor under the

Credit Documents, each of which are hereby ratified, affirmed and extended to secure the Obligations.

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

5.4 **Parties in Interest.** All of the terms and provisions of this Seventh Amendment shall bind and inure to the benefit of the parties to the Credit Agreement and the other Credit Documents and their respective successors and assigns.

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

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

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

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

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

5.10 **Release.** IN PARTIAL CONSIDERATION FOR THE AGREEMENT OF THE ADMINISTRATIVE AGENT AND THE LENDERS TO ENTER INTO THIS SEVENTH AMENDMENT, EACH CREDIT PARTY HEREBY KNOWINGLY AND UNCONDITIONALLY WAIVES AND FULLY AND FINALLY RELEASES AND DISCHARGES THE ADMINISTRATIVE AGENT, ANY LENDER, THE SWINGLINE LENDER, THE LETTER OF CREDIT ISSUER, ANY OF THEIR AFFILIATES OR ANY OF THEIR OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, ATTORNEYS OR REPRESENTATIVES OR ANY OF THEIR RESPECTIVE PREDECESSORS, SUCCESSORS

OR ASSIGNS (COLLECTIVELY, THE “**LENDER-RELATED PARTIES**”) FROM, AND COVENANTS NOT TO SUE THE LENDER-RELATED PARTIES FOR, ANY AND ALL SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOUPMENTS, CLAIMS, CAUSES OF ACTION, ACTIONS, GROUNDS, CAUSES, DAMAGES, COSTS AND EXPENSES OF EVERY NATURE AND CHARACTER, WHETHER CONTINGENT, NONCONTINGENT, LIQUIDATED, UNLIQUIDATED, FIXED, MATURED, UNMATURED, DISPUTED, UNDISPUTED, LEGAL, EQUITABLE, SECURED OR UNSECURED, KNOWN OR UNKNOWN, ACTUAL OR PUNITIVE, FORESEEN OR UNFORESEEN, DIRECT OR INDIRECT, SOLELY ARISING OUT OF OR FROM OR RELATED TO ANY OF THE CREDIT DOCUMENTS, WHICH ANY CREDIT PARTY NOW OWNS AND HOLDS, OR HAS AT ANY TIME HERETOFORE OWNED OR HELD, SUCH WAIVER, RELEASE AND DISCHARGE BEING MADE WITH FULL KNOWLEDGE AND UNDERSTANDING OF THE CIRCUMSTANCES AND EFFECTS OF SUCH WAIVER, RELEASE AND DISCHARGE AND AFTER HAVING CONSULTED LEGAL COUNSEL OF ITS OWN CHOOSING WITH RESPECT THERETO. THIS SECTION 5.10 IS IN ADDITION TO ANY OTHER RELEASE OF ANY OF THE LENDER-RELATED PARTIES BY ANY CREDIT PARTY AND SHALL NOT IN ANY WAY LIMIT ANY OTHER RELEASE, COVENANT NOT TO SUE, OR WAIVER MADE BY ANY CREDIT PARTY IN FAVOR OF ANY OF THE LENDER-RELATED PARTIES.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Seventh Amendment to be duly executed by their respective authorized officers effective as of the Seventh Amendment Effective Date.

BORROWER:

DENBURY RESOURCES INC.,

a Delaware corporation

By: /s/ James S. Matthews

Name: James S. Matthews

Title: Executive Vice President, Chief
Administrative Officer, General Counsel and
Secretary

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

GUARANTORS:

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

By: /s/ James S. Matthews

Name: James S. Matthews

Title: Executive Vice President, Chief
Administrative Officer, General Counsel
and Secretary

**DENBURY BROOKHAVEN PIPELINE
PARTNERSHIP, LP**

By: **Denbury Brookhaven Pipeline, LLC,**
its general partner

By: /s/ James S. Matthews

Name: James S. Matthews

Title: Executive Vice President, Chief
Administrative Officer, General Counsel
and Secretary

ADMINISTRATIVE AGENT/LENDER:

JPMORGAN CHASE BANK, N.A.,

as Administrative Agent, Swingline Lender,
Letter of Credit Issuer, and a Lender

By: /s/ Arina Mavilian

Name: Arina Mavilian

Title: Authorized Officer

LENDERS:

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

By: /s/ Ronald E. McKaig

Name: Ronald E. McKaig

Title: Managing Director

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Katherine Scalzo

Name: Katherine Scalzo

Title: Director

CAPITAL ONE, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Wesley Fontana

Name: Wesley Fontana

Title: Managing Director

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as a Lender

By: /s/ Doreen Barr

Name: Doreen Barr

Title: Authorized Signatory

By: /s/ Christopher Zybrick

Name: Christopher Zybrick

Title: Authorized Signatory

ROYAL BANK OF CANADA,

as a Lender

By: /s/ Jay T. Sartain

Name: Jay T. Sartain

Title: Authorized Signatory

ABN AMRO CAPITAL USA LLC,
as a Lender

By: /s/ Darrell Holley

Name: Darrell Holley

Title: Managing Director

By: /s/ David Montgomery

Name: David Montgomery

Title: Managing Director

COMERICA BANK,
as a Lender

By: /s/ Mackenzie Dold
Name: Mackenzie Dold
Title: Vice President

**CANADIAN IMPERIAL BANK OF COMMERCE,
NEW YORK BRANCH,**

as a Lender

By: /s/ Donovan C. Broussard

Name: Donovan C. Broussard

Title: Authorized Signatory

By: /s/ Scott Danvers

Name: Scott Danvers

Title: Authorized Signatory

Signature Page

Seventh Amendment to Amended and Restated Credit Agreement
Denbury Resources Inc.

ING CAPITAL LLC,
as a Lender

By: /s/ Scott Lamoreaux
Name: Scott Lamoreaux
Title: Director

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

SUNTRUST BANK,
as a Lender

By: /s/ William S. Krueger
Name: William S. Krueger
Title: Senior Vice President

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Dale Conder

Name: Dale Conder

Title: Senior Vice President

FIFTH THIRD BANK,

as a Lender

By: /s/ Thomas Kleiderer

Name: Thomas Kleiderer

Title: Director

GOLDMAN SACHS BANK USA,
as a Lender

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

BOKF, NA DBA BANK OF TEXAS,
as an Exiting Lender

By: /s/ Mackenzie Whipps

Name: Mackenzie Whipps

Title: AVP, Relationship Manager

COMPASS BANK,
as an Exiting Lender

By: /s/ Rachel Festervand

Name: Rachel Festervand

Title: Sr. Vice President

CITIBANK, N.A.,
as an Exiting Lender

By: /s/ Brian S. Broyles

Name: Brian S. Broyles

Title: Attorney-In-Fact

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
as an Exiting Lender

By: /s/ Michael Willis
Name: Michael Willis
Title: Managing Director

By: /s/ Joseph Cariello
Name: Joseph Cariello
Title: Director

PNC BANK, NATIONAL ASSOCIATION,
as an Exiting Lender

By: /s/ John Ataman

Name: John Ataman

Title: SVP

SANTANDER BANK, N.A.,
as an Exiting Lender

By: /s/ Mark Connelly
Name: Mark Connelly
Title: SVP

By: /s/ Puiki Lok
Name: Puiki Lok
Title: VP

THE BANK OF NOVA SCOTIA,
as an Exiting Lender

By: /s/ Thane Rattew
Name: Thane Rattew
Title: Managing Director

SUMITOMO MITSUI BANKING CORPORATION,
as an Exiting Lender

By: /s/ Hiroyuki Maeda
Name: Hiroyuki Maeda
Title: Managing Director & Joint General Manager

U.S. BANK NATIONAL ASSOCIATION,
as an Exiting Lender

By: /s/ Mike Warren

Name: Mike Warren

Title: Sr. VP

UBS AG, STAMFORD BRANCH,
as an Exiting Lender

By: /s/ Kenneth Chin

Name: Kenneth Chin

Title: Director

By: /s/ Darlene Arias

Name: Darlene Arias

Title: Director

\$_____ Maximum Performance Cash

Date of Grant: April 1, 2019

**2019 TSR PERFORMANCE AWARD
(CASH PORTION)**

2004 OMNIBUS STOCK AND INCENTIVE PLAN

DENBURY RESOURCES INC.

This **TSR PERFORMANCE AWARD** (this "**Award**") is made effective on April 1, 2019 (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 **Sections 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, 2022 (*i.e.*, 30 days following a March 31, 2022 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 11**.
- (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, 2022 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 14 (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 13 Peer Companies, then the 7.1% increment currently shown in Column 4 would become 7.7%).
- (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 11**) opposite the ranking of the Company in Column 1 (for example, in the following table for 15 Companies, being ranked as sixth 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 15 Companies (expressed as a %)	Performance Percentage Scale (subject to interpolation)
1			100.0%	100%
2			92.9%	86%
3			85.7%	71%
4			78.6%	57%
5			71.4%	43%
6			64.3%	29%
7			57.1%	14%
8			50.0%	0%
9			42.9%	0%
10			35.7%	0%
11			28.6%	0%
12			21.4%	0%
13			14.3%	0%
14			7.1%	0%
15			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 10**) 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. **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.

10. **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.

11. **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.

12. **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.

13. **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.

14. **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.

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

16. 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.

17. 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.

18. 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.

19. 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.

20. 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 20** 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.

21. 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)
Oasis Petroleum, Inc. (OAS)
Occidental Petroleum Corporation (OXY)
PDC Energy Inc. (PDCE)
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 during the Performance Period, 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 during the Performance Period, 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: April 1, 2019

**2019 TSR PERFORMANCE AWARD
(EQUITY PORTION)**

2004 OMNIBUS STOCK AND INCENTIVE PLAN

DENBURY RESOURCES INC.

This **TSR PERFORMANCE AWARD** (this "**Award**") is made effective on April 1, 2019 (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 **Sections 6(b), 7(b)(i), 7(b)(ii) or 7(b)(iii)**, as applicable, or (ii) if **Sections 6(b), 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, 2022 (*i.e.*, 30 days following a March 31, 2022 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, 2022 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 14 (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 13 Peer Companies, then the 7.1% increment currently shown in Column 4 would become 7.7%).
- (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 15 Companies, being ranked as ninth would equal a Performance Percentage of 86%). 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 15 Companies (expressed as a %)	Performance Percentage Scale (subject to interpolation)
1			100.0%	100%
2			92.9%	100%
3			85.7%	100%
4			78.6%	100%
5			71.4%	100%
6			64.3%	100%
7			57.1%	100%
8			50.0%	100%
9			42.9%	86%
10			35.7%	71%
11			28.6%	57%
12			21.4%	43%
13			14.3%	29%
14			7.1%	14%
15			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.

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)
Oasis Petroleum, Inc. (OAS)
Occidental Petroleum Corporation (OXY)
PDC Energy Inc. (PDCE)
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 during the Performance Period, 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 during the Performance Period, 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: April 1, 2019

**2019 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 April 1, 2019 (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 **Sections 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, 2022 (*i.e.*, 30 days following a March 31, 2022 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 **11**.
- (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, 2022 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:

RGPS or Three-Year Average RGPS	Performance Percentage (subject to interpolation on a linear basis between 0% and 100%)
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 **Sections 5 or 11**; 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.

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

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 10**) 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. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

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

16. 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.

17. 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.

18. 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.

19. 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.

20. 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 20** 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.

21. 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

_____ Maximum Performance Shares

Date of Grant: April 1, 2019

**2019 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 April 1, 2019 (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 **Sections 6(b), 7(b)(i), 7(b)(ii) or 7(b)(iii)**, as applicable, or (ii) if **Sections 6(b), 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, 2022 (*i.e.*, 30 days following a March 31, 2022 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, 2022 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:

RGPS or Three-Year Average RGPS	Performance Percentage (subject to interpolation on a linear basis between 25% and 100%)
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 **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.

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

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.

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 9, 2019

/s/ Chris Kendall

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 9, 2019

/s/ Mark Allen

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, 2019 (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 9, 2019

/s/ Chris Kendall

Chris Kendall

President and Chief Executive Officer

Dated: May 9, 2019

/s/ Mark C. Allen

Mark C. Allen

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