

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 28, 2012

Mr. John Filiatrault
Vice President CO2 Supply and Pipelines
Denbury Onshore, LLC
5100 Tennyson Parkway, Suite 3000
Plano, TX 75024

CPF 2-2011-5011M

Dear Mr. Filiatrault:

On June 13-17, 2011, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected the Denbury Onshore, LLC (Denbury) Liquid Integrity Management Program (IMP) in Flowood, Mississippi, pursuant to Chapter 601 of 49 United States Code. As a result of the inspection, PHMSA issued a Notice of Amendment (NOA) to Denbury on December 9, 2011.

The PHMSA Southern Region received your initial response to the NOA by email on January 6, 2012. You asked for clarification of Item 1B: 195.452(b)(4)(ii) and for a 30-day extension. On January 11, 2012, we responded with an email to explain that this item addressed integrity management related activities on how decisions are made by an operator to implement each element of the IMP. Procedures for pipeline personnel to follow the manufacturer's coating specifications and recommendations were cited as an example. We also granted the 30-day extension.

We subsequently received and reviewed two letters from Denbury dated February 22 and 23, 2012, responding to the NOA.

This letter is to inform you that Denbury has complied with the terms of the NOA and that no further action is necessary with regards to the NOA. This case is now closed.

Please be advised that this letter refers only to the NOA (CPF 2-2011-5011M) and not to any other PHMSA pending cases. Also be advised that nothing herein states or implies that the above described IMP meets the requirements of the federal pipeline safety regulations or that

the IMP is approved. The Denbury pipeline system and the IMP remain subject to inspection by PHMSA.

Sincerely,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region