



CERTIFIED MAIL – RETURN RECEIPT REQUESTED

January 9, 2012

Mr. Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region
233 Peachtree Street Ste. 600
Atlanta, GA 30303

Re: CPF 2-2011-5010W

Mr. Lemoi,

Denbury Onshore, LLC (“Denbury”) is writing in response to your December 8, 2011, Warning Letter, which was received on December 13, 2011. Your warning letter listed certain items of concern based upon a Liquid Integrity Management Program (IMP) inspection conducted June 13-17, 2011. As was discussed with your staff at the inspection, Denbury is committed to the safe and compliant operation of its pipelines, and we appreciate your efforts in helping us to achieve this goal. We are writing today to respond to your areas of concern and provide you with updated information regarding our activities.

Our response is organized in the same format as in your Warning Letter referencing the number of each item of concern and our response. Within our response, italicized text contains actual revisions or excerpts from our compliance manuals and related documents. Plain text contains clarification for informational purposes.

1. **§195.452 Pipeline integrity management in high consequence areas.**

Denbury’s IMP was incorrect because it identifies two distinct and different items as “Appendix F” of the IMP; Air Dispersion Modeling and the Direct Assessment & Corrosion Control Plan (DACCP). It cannot be both.

The reorganization of the IMP (Revision 5.0, effective May 17, 2011) caused all Appendices to be reorganized. Appendix F was formerly the Direct Assessment & Corrosion Control Plan (DACCP) in Revision 4.0 (see the footnote of the document indicating the Revision Number)

Denbury Resources Inc. 5320 Legacy Drive • Plano, Texas 75024 • Tel: 972.673.2000 • denbury.com

Subsidiaries Denbury Onshore, LLC • Denbury Green Pipeline-Texas, LLC • Denbury Gulf Coast Pipelines, LLC • Greencore Pipeline Company LLC

RECEIVED JAN 12 2012

and became Appendix F - Air Dispersion Modeling in Revision 5.0. Future revisions will note the revised Appendix numbering in all Appendices. Furthermore, the DACCP has been removed from the organization of the IMP and is a stand-alone document.

2. §195.588 What standards apply to direct assessments?

Denbury's IMP was incorrect because the DACCP, Revision 4.0 dated July 2009, Section 5.1.2 Direct Examination, incorrectly states "This phase includes prioritization of indications Discovered during the direct inspections." Indications are prioritized for excavation during the indirect inspection phase.

The following text has been added to Section 5.1.2, Indirect Inspections:

This phase includes prioritization of indications discovered during the indirect inspections.

The following text has been removed from Section 5.1.3, Direct Inspections:

This phase includes prioritization of indications discovered during the direct inspections.

Note for Item 2: For clarification, Denbury assumes that this item intended to reference Section 5.1.3, Direct Examination, rather than Section 5.1.2, Direct Examination.

Denbury appreciates your consideration of the information in this letter and we believe that we are taking adequate steps to resolve your items of concern. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,



John Filiatraut
Vice President CO2 Supply and Pipelines
Denbury Onshore, LLC