

WARNING LETTER

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

May 27, 2009

Mr. Robert Cornelius
Chief Executive Officer
Denbury Onshore, LLC
5100 Tennyson Parkway
Suite 1200
Plano, TX 75024

CPF 2-2009- 5002W

Dear Mr. Cornelius:

On April 27 through May 1, 2009, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of your Denbury Onshore pipeline facilities and records in Mississippi.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations, Part 195. The items inspected and the probable violations are:

§195.403 Emergency response training.

- (a) Each operator shall establish and conduct a continuing training program to instruct emergency response personnel to:**
 - (1) Carry out the emergency procedures established under § 195.402 that relate to their assignments;**
 - (2) Know the characteristics and hazards of the hazardous liquids or carbon dioxide transported, including, in case of flammable HVL, flammability of mixtures with air, odorless vapors, and water reactions;**
 - (3) Recognize conditions that are likely to cause emergencies, predict the consequences of facility malfunctions or failures and hazardous liquids or carbon dioxide spills, and take appropriate corrective actions.**

- (4) Take steps necessary to control any accidental release of hazardous liquid or carbon dioxide and to minimize the potential for fire, explosion, toxicity, or environmental damage, and ...**
- (b) At intervals not exceeding 15 months, but at least once each calendar Year, each operator shall:**
 - (1) Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section ...**
 - (c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under §195.402 for which they are responsible to ensure compliance.**

Denbury Onshore did not review the emergency response program with Denbury personnel during the 2008 calendar year as per the annual requirements of section 403 (b) (1). The last review was performed in February 2009 and the previous review was performed in December 2007. Denbury Onshore, also failed to require and verify that its supervisor maintain a through knowledge of emergency response procedures as per section 403 (c) in the calendar year of 2008. The last documentation for supervisory training was dated February 2009 and December 2007.

Under 49 United States Code, §60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violations persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Denbury Onshore, LLC being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 2-2009-5002W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Linda Daugherty
Director, Southern Region
Pipeline and Hazardous Materials Safety Administration