

BEFORE THE STATE OIL AND GAS BOARD OF MISSISSIPPI

RE: PETITION OF DENBURY ONSHORE, LLC AS
UNIT OPERATOR OF DRI ICE UNIT FOR AN
ORDER IMPLEMENTING THE PLAN OF
UNITIZATION, DRI ICE FIELD, RANKIN AND
MADISON COUNTIES, MISSISSIPPI

FILED FOR RECORD

JUL 27 2006

STATE OIL AND GAS BOARD
LISA IVSHIN, SUPERVISOR

DOCKET NO. 219-2006-912

ORDER NO. 370-2006

FINAL ORDER

THIS CAUSE came to be heard on the Petition of Denbury Onshore, LLC (“Petitioner”) requesting the Board to issue a Final Order implementing the Plan of Unitization for the DRI Ice Field, Rankin and Madison Counties, Mississippi; and

WHEREAS, the Board finds that due, proper, and legal notice of the meeting of the Board for the purpose of considering and taking action with respect to such matter was given in the manner required by the rules and regulations of the Board; that due, legal, and sufficient proofs of publication and service are on file with the Board; and that the Board has full jurisdiction of the subject matter to hear and determine same; and

WHEREAS, a public hearing was held by said Board in the Hearing Room, Suite E, 500 Greymont Avenue, Jackson, Mississippi, commencing on July 19, 2006, at 10:00 o’clock a.m. at which hearing all persons present who desired to be heard on said matter were heard and all testimony and the evidence were duly considered by those present at said meeting; and

WHEREAS, the Board has fully considered said matter and the evidence and recommendations made in said hearing and finds as follows:

1.

The Unit Agreement and Unit Operating Agreement were proposed by Petitioner and approved by this Board in May, 2006, Docket No. 36-2006-912. At that time, Denbury did not have the agreement of a sufficient number of royalty owners under Miss. Code Ann. §

53-3-107 to implement and make effective the Unit and the Agreements applicable thereto.

2.

Petitioner has now secured the approval of the Plan of Unitization from the requisite statutory percentage of both working interest and royalty owners within the proposed fieldwide unit as prescribed by Miss. Code Ann. § 53-3-107 (1972) (as amended). Therefore, this Board, acting pursuant to the provisions of § 53-3-107, supra, should hereby approve and adjudicate that the requisite percentage of both working and royalty interest within the proposed unit have in writing, ratified, adopted, or approved, the Unit Agreement and the Unit Operating Agreement and it is appropriate to place the Unit into force and effect and authorize Petitioner to act as duly designated operator to commence Unit operations on the Unit. The Board find that the Unit and the Plan of Unitization shall be effective and in force as of 7:00 a.m. on July 1, 2006, upon the entry of this Order establishing and approving the Unit, which Unit shall terminate solely in accordance with the provisions of the Unit Agreement.


IT IS, THEREFORE, FINALLY ORDERED AND ADJUDGED by the State Oil and Gas Board of Mississippi that Petitioner is hereby granted final authority to implement the Plan of Unitization for the DRI Ice Field, Rankin and Madison Counties, Mississippi at 7:00 a.m., on July 1, 2006, under the terms of the Unit Agreement previously adopted by this Board which Unit shall terminate solely in accordance with the provisions thereof.

IT IS FURTHER ORDERED AND ADJUDGED that this Order shall be in force and effect from and after July 19, 2006.

IT IS FURTHER ORDERED AND ADJUDGED that Petitioner shall acquire any other permits, if any, required by any other permitting authority.

ORDERED AND ADJUDGED this 27th day of July, 2006.

STATE OIL AND GAS BOARD OF
MISSISSIPPI



CHAIRMAN

Prepared By:

William F. Blair

BLAIR & BONDURANT, P.A.

Post Office Box 321423

Jackson, MS 39232

(601) 992-4477 - Telephone

(601) 992-9189 - Telecopier