

2004 BCSECCOM 395

Headnote

Mutual Reliance Review System for Exemptive Relief Application - relief from all the requirements of NI 51-101 granted to a reporting issuer that is an SEC issuer as defined in NI 71-102 - relief is subject to the conditions that the reporting issuer continue to have a de minimis connection to Canadian capital markets and comply with the disclosure requirements of the SEC and New York Stock Exchange in connection with its oil and gas activities

Applicable British Columbia Provisions

National Instrument 51-101 *Standards of Disclosure for Oil and Gas Issuers*

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR, NEW BRUNSWICK AND YUKON

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF DENBURY RESOURCES INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Newfoundland and Labrador, New Brunswick and Yukon (the Jurisdictions) has received an application from Denbury Resources Inc. (Denbury) for a decision under the securities legislation of the Jurisdictions (the Legislation) that Denbury be exempted from the requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101);
2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief applications (the System), the Alberta Securities Commission is the principal regulator for this application;
3. AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions* or Appendix 1 of Companion Policy 51-101 CP;

2004 BCSECCOM 395

4. AND WHEREAS Denbury has represented to the Decision Makers that:
 - 4.1 Denbury is a reporting issuer or equivalent in each of the Jurisdictions;
 - 4.2 Denbury is a body corporate organized and subsisting under the laws of the State of Delaware since April, 1999;
 - 4.3 Denbury's head office and registered office is located in Plano, Texas, U.S.A.;
 - 4.4 Denbury has no assets located in Canada and all of its operations are conducted in the United States;
 - 4.5 The management team of Denbury is located entirely in the United States, principally in the State of Texas and a majority of Denbury's directors are resident in the United States;
 - 4.6 The common shares of Denbury are registered in the United States under the *U.S. Securities Exchange Act of 1934*, as amended (the 1934 Act) and are listed on the New York Stock Exchange;
 - 4.7 Denbury does not have any of its securities listed on any stock exchange in Canada;
 - 4.8 Management has represented that, based upon search results conducted in relation to Denbury's most recent annual meeting of shareholders held on May 12, 2004, about 1.6% of the number of registered holders of common shares of Denbury are resident in Canada and about 4% of Denbury's outstanding common shares are beneficially owned by shareholders resident in Canada;
 - 4.9 Denbury is an "SEC foreign issuer" as defined in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* and can rely on the continuous disclosure and other exemptions set forth in NI 71-102, subject to compliance with the conditions set out in NI 71-102 relating to those exemptions; and
 - 4.10 Denbury prepares consolidated reserve data and oil and gas disclosure in accordance with the requirements of the *Securities Act of 1933*, the 1934 Act and the rules and regulations of the

2004 BCSECCOM 395

Securities and Exchange Commission (SEC) and New York Stock Exchange (collectively, the US Rules).

5. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the Decision);
6. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
7. THE DECISION of the Decision Makers under the Legislation is that NI-51-101 shall not apply to Denbury for so long as:
 - 7.1 less than 10% of the number of registered and beneficial holders of common shares of Denbury are resident in Canada;
 - 7.2 less than 10% of the aggregate of the outstanding common shares of Denbury are held by residents of Canada; and
 - 7.3 Denbury is subject to and complies with the disclosure requirements of the US Rules in connection with its oil and gas activities.

DATED this 25th day of June, 2004

Glenda A. Campbell, Q.C., Vice-Chair

David W. Betts, CFA, Member