



EXHIBIT 2
DATE 2/8/2013
SB 141

SB 141 is a bill to harmonize definitions in the Montana Code that address CO2 Sequestration and Enhanced Oil Recovery.

Currently, Montana Code contains two different definitions for Carbon Dioxide pertaining to Sequestration and Enhanced Oil Recovery projects in Montana. One definition is contained in the common carrier statutes; the other version is contained in the tax code as part of Governor Schweitzer's Clean and Green legislation in 2007. This legislation, SB 141, would duplicate the language contained in the Green and Clean statute in the common carrier statutes.

The bill may appear lengthy but it actually just repeats one change in several different sections of the code. And that change is incorporating the tax code definition in to the common carrier code.

It is important to call your attention to the different definitions. The common carrier language simply states: "carbon dioxide produced in the combustion or gasification of fossil fuels." (69-13-101, MCA).

The Class 15 definitional language is much more precise and states: "carbon dioxide from a plant or facility that produces or captures carbon dioxide to a carbon sequestration point, including closed loop EOR operations. A plant or facility that produces or captures carbon dioxide is defined in this section as a facility that produces a flow of carbon dioxide that can be sequestered or used in closed loop EOR operations; it specifically excludes wells from which the primary product is carbon dioxide." (15-6-158, MCA).

Denbury's CO2 EOR project is well underway. The pipeline and attendant equipment is qualifying property under Class 15 and the legacy Bell Creek field south of Broadus is just now being pressurized and CO2 injection is beginning. In addition, we have received PSC certification as a common carrier for the CCA lateral from Bell Creek to Cedar Creek Anticline. We believe Montana, with the efforts that the legislature and the governor have undertaken in the past, is on the forefront with a legal framework that promotes such cutting edge technology and production techniques and we are excited about the benefits that our project will bring to the state of Montana. Our project is moving forward and we are grateful for the foresight you have shown. However, by harmonizing these different definitions now, Montana will create an even more predictable environment in which to operate. As a result, we believe the language adopted in the Clean and Green legislation is better suited for fostering predictability and promoting economic opportunity and should be uniformly used throughout Montana law.

We ask for a Do Pass on SB 141.

Respectfully submitted on behalf of Denbury Resources, Inc.,

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