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Denbury Resources Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions)

First question is from David Wheeler with AllianceBernstein.

David Wheeler - AllianceBernstein

Good morning.

Gareth Roberts

Good morning.

Gareth Roberts

Gareth, you mentioned in the press release that you guys had reviewed and revised the tertiary production model. Can you talk to us a little bit about the changes that you made there? It seems like the timing of ramp up to peak production on different phases has been pushed out one to two years, but that the rates haven't changed. Are there any impacts on ultimate production and reserves from the EOR field?

Gareth Roberts

No, there is no impact on reserves. It's simply a timing issue, that's all we have really done is just change the timing. We talked in the first quarter about specific delays and so forth, and we don't really want to talk about that sort of thing anymore. I think what we have done is try to build in a reasonable timing to all of these future activities. We are looking out several years in our forecast that you are looking at, and we are trying to guess when we are going to be able to complete certain pipelines and things like that. So, we've tried to build in more of a cushion for the types of delays that we've seen on historical projects.

David Wheeler - AllianceBernstein

It sounds like this above ground, its sounds like below ground are the reservoirs performing as expected?

Gareth Roberts

Below ground, the reservoirs are doing much better than Wall Street.

David Wheeler - AllianceBernstein

Is there any change in the ratio of CO2 that you need to get out a barrel of oil?

Gareth Roberts

No, all of those things have not changed. Let say, we have had some delays and I think we have also been getting better at forecasting it. And as I said, I hope that we're being too conservative here, but these growth rates are still very strong.

David Wheeler - AllianceBernstein

Okay, great. I had a couple of other questions for you. Faustina was expected to get financing in the current quarter, third quarter. Do we know the status of that? And are they going ahead with construction at year end?

Gareth Roberts

They haven't started this right now. And I think, if Tracy was here he would be able to give us an exact answer, but we think it's being pushed back. Maybe to quarter one, I think, is probably the timing on that.

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