

ENCORE ACQUISITION CO  
Form DEFM14A  
February 08, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**ENCORE ACQUISITION COMPANY**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT**

The boards of directors of Denbury Resources Inc., or Denbury, and Encore Acquisition Company, or Encore, have approved an agreement and plan of merger, or the merger agreement, pursuant to which Encore will merge with and into Denbury. We are sending this joint proxy statement/prospectus to you to ask you to vote in favor of a proposal to adopt the merger agreement and other matters.

Under the merger agreement, Encore stockholders may elect to receive consideration consisting of cash, shares of Denbury common stock or a combination of both in exchange for their shares of Encore common stock, subject to a proration feature. Encore stockholders electing to receive a mix of cash and stock consideration and non-electing stockholders will receive \$15.00 in cash and between 2.0698 and 2.6336 shares of Denbury common stock in exchange for each Encore share. Subject to proration, Encore stockholders electing to receive all cash will receive \$50.00 per Encore share and Encore stockholders electing to receive only Denbury common stock will receive between 2.9568 and 3.7622 shares of Denbury common stock in exchange for each Encore share. The actual number of shares of Denbury common stock to be issued to Encore stockholders receiving either all stock or a mix of cash and stock consideration will be determined under a collar mechanism based upon the volume weighted average price of Denbury common stock for the 20-day trading period ending on the second full trading day prior to the effective time of the merger, as more fully described in this joint proxy statement/prospectus.

Denbury stockholders will continue to own their existing Denbury shares following the merger. We anticipate that, after the merger closes, Denbury stockholders will own between 64% and 70% of the combined company and Encore stockholders will own between 30% and 36% of the combined company.

Denbury's common stock is listed on the New York Stock Exchange under the symbol DNR.

Encore's common stock is listed on the New York Stock Exchange under the symbol EAC.

In connection with the merger, each of Denbury and Encore is holding a special meeting of its stockholders to consider and vote on the merger agreement and certain other matters.

Your vote is very important. At Denbury's special meeting, Denbury stockholders will be asked to adopt the merger agreement. At Encore's special meeting, Encore stockholders will be asked to adopt the merger agreement. The merger agreement provides for, among other things, the merger of Encore with and into Denbury and the issuance of Denbury common stock to Encore stockholders as part of the merger consideration.

This document is a prospectus relating to the shares of Denbury common stock to be issued pursuant to the merger and a joint proxy statement for Denbury and Encore to solicit proxies for their respective special meetings of stockholders. It contains answers to frequently asked questions and a summary of the important terms of the merger, the merger agreement and related matters, followed by a more detailed discussion.

**For a discussion of certain significant matters that you should consider before voting on the proposed transaction, see Risk Factors beginning on page 34.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Denbury common stock to be issued pursuant to the merger or passed upon the adequacy or**

**accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated February 5, 2010 and is first being mailed to stockholders of Denbury and Encore on or about February 10, 2010.

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**Denbury Resources Inc.  
5100 Tennyson Parkway, Suite 1200  
Plano, Texas 75024**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS OF  
DENBURY RESOURCES INC.  
TO BE HELD ON MARCH 9, 2010**

To the Stockholders of Denbury Resources Inc.:

We will hold a special meeting of the stockholders of Denbury Resources Inc. on March 9, 2010 at 10:00 a.m., local time, at 5100 Tennyson Parkway, Plano, Texas 75024 for the following purposes:

to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of October 31, 2009, by and between Denbury and Encore, which provides for, among other things, the merger of Encore with and into Denbury and the issuance of Denbury common stock to Encore stockholders as part of the merger consideration;

to consider and vote upon a proposal to adjourn the special meeting, if necessary or appropriate to permit the solicitation of additional proxies if there are not sufficient votes at the time of the special meeting to adopt the foregoing proposal; and

to transact any other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

Only holders of record of Denbury common stock at the close of business on February 3, 2010, the record date for the special meeting, are entitled to receive this notice and to vote their shares at the special meeting or at any adjournment or postponement of the special meeting.

We cannot complete the merger unless holders of a majority of all outstanding shares of Denbury common stock vote to adopt the merger agreement, which provides for, among other things, the merger of Encore with and into Denbury and the issuance of Denbury common stock to Encore stockholders as part of the merger consideration.

For more information about the merger and the other transactions contemplated by the merger agreement (including the issuance of shares of Denbury common stock), please review the accompanying joint proxy statement/prospectus and the merger agreement attached to it as Annex A.

**Denbury's board of directors recommends unanimously that Denbury stockholders vote FOR the adoption of the merger agreement, which provides for, among other things, the merger of Encore with and into Denbury and the issuance of Denbury common stock to Encore stockholders as part of the merger consideration, and FOR the adjournment of the Denbury special meeting, if necessary or appropriate to permit further solicitation of proxies.**

By Order of the Board of Directors,

/s/ Phil Rykhoek  
Phil Rykhoek

*Chief Executive Officer*

Plano, Texas  
February 5, 2010

**IMPORTANT**

Your vote is important. Whether or not you plan to attend the special meeting, please complete, sign and date the enclosed proxy and return it promptly in the enclosed postage-paid envelope. You may also cast your vote by telephone or over the Internet by following the instructions on your proxy card. If you vote by telephone or over the Internet, you do not need to submit your proxy card. **Remember, your vote is important, so please act today!**

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**Encore Acquisition Company  
777 Main Street, Suite 1400  
Fort Worth, Texas 76102**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS OF  
ENCORE ACQUISITION COMPANY  
TO BE HELD ON MARCH 9, 2010**

To the Stockholders of Encore Acquisition Company:

We will hold a special meeting of the stockholders of Encore Acquisition Company on March 9, 2010 at 10:00 a.m., local time, at 777 Main Street, Suite 900, Fort Worth, Texas 76102 for the following purposes:

to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of October 31, 2009, by and between Encore and Denbury pursuant to which Encore will merge with and into Denbury;

to consider and vote upon a proposal to adjourn the special meeting, if necessary or appropriate to permit the solicitation of additional proxies if there are not sufficient votes at the time of the special meeting to adopt the foregoing proposal; and

to transact any other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

Only holders of record of Encore common stock at the close of business on February 3, 2010, the record date for the special meeting, are entitled to receive this notice and to vote their shares at the special meeting or at any adjournment or postponement of the special meeting.

We cannot complete the merger unless holders of a majority of all outstanding shares of Encore common stock vote to adopt the merger agreement.

For more information about the merger and the other transactions contemplated by the merger agreement, please review the accompanying joint proxy statement/prospectus and the merger agreement attached to it as Annex A.

**Encore's board of directors recommends unanimously that Encore stockholders vote FOR the adoption of the merger agreement and FOR the adjournment of the Encore special meeting, if necessary or appropriate to permit further solicitation of proxies. In considering the recommendation of Encore's board of directors, stockholders of Encore should be aware that members of Encore's board of directors and its executive officers have agreements and arrangements that provide them with interests in the merger that may be different from, or in addition to, those of Encore stockholders. See The Merger Interests of Certain Persons in the Merger that May be Different from Your Interests beginning on page 81.**

By Order of the Board of Directors,

/s/ I. Jon Brumley  
I. Jon Brumley  
*Chairman*



Fort Worth, Texas  
February 5, 2010

**IMPORTANT**

Your vote is important. Whether or not you plan to attend the special meeting, please complete, sign and date the enclosed proxy and return it promptly in the enclosed postage-paid envelope. You may also cast your vote by telephone or over the Internet by following the instructions on your proxy card. If you vote by telephone or over the Internet, you do not need to submit your proxy card. **Please do not send any stock certificates at this time. Remember, your vote is important, so please act today!**

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**REFERENCES TO ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about Denbury and Encore from documents that are not included in or delivered with this joint proxy statement/prospectus. You can review documents incorporated by reference in this joint proxy statement/prospectus free of charge through the Securities and Exchange Commission, or the SEC, website (<http://www.sec.gov>) or by requesting them in writing or by telephone from the applicable company at the following addresses and telephone numbers:

**Denbury Resources Inc.**  
5100 Tennyson Pkwy., Suite 1200  
Plano, Texas 75024  
Attention: Investor Relations  
Telephone: (972) 673-2000

**Encore Acquisition Company**  
777 Main Street, Suite 1400  
Fort Worth, Texas 76102  
Attention: Investor Relations  
Telephone: (817) 877-9955

*You will not be charged for any of these documents that you request. Denbury and Encore stockholders requesting documents should do so by February 25, 2010, in order to receive them before their respective special meetings.*

See Where You Can Find More Information on page 117.

**VOTING BY TELEPHONE, INTERNET OR MAIL**

**Denbury stockholders of record may submit their proxies by:**

*Telephone.* You can vote by telephone by calling the toll-free number 1-800-690-6903 in the United States, Canada or Puerto Rico on a touch-tone telephone. You will then be prompted to enter the control number printed on your proxy card and to follow the subsequent instructions. Telephone voting is available 24 hours a day until 11:59 p.m. New York time on March 8, 2010. If you vote by telephone, you do not need to return your proxy card or voting instruction card.

*Internet.* You can vote over the Internet by accessing the website at <http://www.proxyvote.com> and following the instructions on the secure website. Internet voting is available 24 hours a day until 11:59 p.m. New York time on March 8, 2010. If you vote over the Internet, you do not need to return your proxy card or voting instruction card.

*Mail.* You can vote by mail by completing, signing, dating and mailing your proxy card or voting instruction card in the postage-paid envelope included with this joint proxy statement/prospectus.

**Encore stockholders of record may submit their proxies by:**

*Telephone.* You can vote by telephone by calling the toll-free number 1-866-540-5760 in the United States, Canada or Puerto Rico on a touch-tone telephone. You will then be prompted to enter the control number printed on your proxy card and to follow the subsequent instructions. Telephone voting is available 24 hours a day until 11:59 p.m. New York time on March 8, 2010. If you vote by telephone, you do not need to return your proxy card or voting instruction card.

*Internet.* You can vote over the Internet by accessing the website at <http://www.proxyvoting.com/eac> and following the instructions on the secure website. Internet voting is available 24 hours a day until 11:59 p.m. New York time on March 8, 2010. If you vote over the Internet, you do not need to return your proxy card or voting instruction card.

*Mail.* You can vote by mail by completing, signing, dating and mailing your proxy card or voting instruction card in the postage-paid envelope included with this joint proxy statement/prospectus.

**If you hold your Denbury or Encore shares through a bank, broker, custodian or other record holder:**

Please refer to your proxy card or voting instruction form or the information forwarded by your bank, broker, custodian or other record holder to see which voting methods are available to you.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

*The following are answers to common questions that you may have regarding the merger and your special meeting. Denbury and Encore urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the annexes to, and the documents incorporated by reference in, this joint proxy statement/prospectus. See *Where You Can Find More Information* on page 117.*

**Q: What will happen in the merger?**

A: The proposed merger will combine the businesses of Denbury and Encore. At the effective time of the merger, Encore will merge with and into Denbury. Denbury will be the surviving entity. As a result of the merger, Encore will cease to exist and Denbury will continue as a public company. Following the merger, the combined company will be an independent oil and gas company with an anticipated enterprise value of approximately \$9.5 billion based on the closing price of Denbury common stock on February 3, 2010.

After the merger, the current stockholders of Denbury and the current stockholders of Encore who receive shares of Denbury common stock in the merger will be the stockholders of Denbury.

**Q: Why am I receiving this document?**

A: Denbury and Encore are delivering this document to you because it is a joint proxy statement being used by both the Denbury and Encore boards of directors to solicit proxies of Denbury and Encore stockholders in connection with the special meetings to adopt the merger agreement. In addition, this document is a prospectus being delivered to Encore stockholders because Denbury is offering shares of its common stock to Encore stockholders in exchange for shares of Encore common stock in connection with the merger.

**Q: What are holders of Encore common stock being asked to vote on?**

A: Holders of Encore common stock are being asked to:

adopt the merger agreement;

approve the adjournment of the special meeting, if necessary or appropriate to permit the solicitation of additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement; and

act upon other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

**Q: What are holders of Denbury common stock being asked to vote on?**

A: Holders of Denbury common stock are being asked to:

adopt the merger agreement, which provides for, among other things, the merger of Encore with and into Denbury and the issuance of Denbury common stock to Encore stockholders as part of the merger consideration;

approve the adjournment of the special meeting, if necessary or appropriate to permit the solicitation of additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement; and

act upon other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

Adoption of the merger agreement will constitute stockholder approval of the issuance of Denbury common stock as part of the merger consideration for purposes of the New York Stock Exchange rule requiring that approval.



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**Q: Why have Denbury and Encore decided to merge?**

A: Denbury and Encore believe that the merger will provide strategic and financial benefits to stockholders, customers and employees, including:

creation of one of the largest crude oil focused independent exploration and production companies in North America;

nearly doubling Denbury's potential oil reserves (prior to the Conroe acquisition) recoverable through enhanced oil recovery techniques, or EOR, and increasing potential for further EOR growth in the Gulf Coast and Rocky Mountain regions;

payment to Encore stockholders of a premium over the closing price of Encore's common stock immediately before announcement of the merger agreement, the closing price of Encore's common stock on the 20th trading day prior to the date of the Encore board meeting and the 52-week high closing price of Encore's common stock, with collar protection, and an ability to participate in equity ownership of the combined company following the merger; and

accretions to cash flow and proved reserves per share for Denbury stockholders, anticipated reductions in combined general and administrative and operational costs through the realization of synergies and, a potential reduction in cost of capital through the size, scale and diversification of the combined company.

**Q: Why is my vote important?**

A: If you do not return your proxy card by mail or submit your proxy by telephone or over the Internet or vote in person at your special meeting, it may be difficult for Denbury and Encore to obtain the necessary quorums to hold their respective special meetings.

In addition, if you are a Denbury stockholder, **your failure to vote will have the same effect as a vote against adoption of the merger agreement.** With respect to the proposal to adjourn the special meeting, if necessary or appropriate in order to solicit additional proxies, an abstention will have the same effect as a vote against the proposal. **Denbury's board of directors recommends unanimously that Denbury stockholders vote FOR the adoption of the merger agreement and FOR the adjournment of the Denbury special meeting, if necessary or appropriate to permit further solicitation of proxies.**

If you are an Encore stockholder, **your failure to vote will have the same effect as a vote against adoption of the merger agreement.** With respect to the proposal to adjourn the special meeting, if necessary or appropriate in order to solicit additional proxies, an abstention will have the same effect as a vote against the proposal. **Encore's board of directors recommends unanimously that Encore stockholders vote FOR the adoption of the merger agreement and FOR the adjournment of the Encore special meeting, if necessary or appropriate to permit further solicitation of proxies.**

**No matter how many shares you own, you are encouraged to vote.**

**Q: When and where are the special meetings?**

A: The Denbury special meeting will take place on March 9, 2010 at 10:00 a.m., local time, at 5100 Tennyson Parkway, Suite 1200, Plano, Texas 75024.

The Encore special meeting will take place on March 9, 2010 at 10:00 a.m., local time, at 777 Main Street, Suite 900, Fort Worth, Texas 76102.

For additional information relating to the Denbury and Encore special meetings, see The Stockholder Meetings beginning on page 41.

**Q: What will I receive in the merger in exchange for my shares of Encore common stock?**

A: Under the merger agreement, Encore stockholders may elect to receive consideration consisting of cash, shares of Denbury common stock or a combination of both in exchange for their shares of Encore common stock, subject to a proration feature. Encore stockholders electing to receive a mix of cash and stock consideration and non-electing stockholders will receive \$15.00 in cash and between 2.0698 and 2.6336 shares

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of Denbury common stock in exchange for each Encore share. Subject to proration, Encore stockholders electing to receive all cash will receive \$50.00 per Encore share and Encore stockholders electing to receive only Denbury common stock will receive between 2.9568 and 3.7622 shares of Denbury common stock in exchange for each Encore share. The actual number of shares of Denbury common stock to be issued to Encore stockholders receiving either all stock or a mix of cash and stock consideration will be determined under a collar mechanism based upon the volume weighted average price of Denbury common stock for the 20-day trading period ending on the second full trading day prior to the effective time of the merger (which is referred to as the Denbury 20-day average price in this joint proxy statement/prospectus). For a more complete description of what Encore stockholders will be entitled to receive pursuant to the merger, see Terms of the Merger Agreement Conversion of Encore Stock beginning on page 93.

**Q: Is the value of the per share consideration that I receive for my Encore shares expected to be substantially equivalent regardless of which election I make?**

A: Encore stockholders receiving all cash consideration will receive \$50.00 in cash per Encore share. Encore stockholders receiving consideration that includes Denbury common stock will receive either only Denbury common stock, or a combination of cash and Denbury common stock, that will have a value, as calculated based on the Denbury 20-day average price, of \$50.00 per Encore share if the Denbury 20-day average price is between \$13.29 per share and \$16.91 per share. The value those stockholders will receive, as calculated based on the Denbury 20-day average price, will exceed \$50.00 per Encore share if the Denbury 20-day average price is higher than \$16.91 per share, and will be less than \$50.00 per Encore share if the Denbury 20-day average price is lower than \$13.29 per share. However, the consideration received by Encore stockholders receiving consideration that includes Denbury common stock may have a current value that is higher or lower than \$50.00 per Encore share on the date the consideration is received, as calculated based on Denbury common stock trading prices prevailing at that time, even if the Denbury 20-day average price is between \$13.29 per share and \$16.91 per share.

**Q: If I am an Encore stockholder, when must I elect the type of merger consideration that I prefer to receive?**

A: Holders of Encore common stock who wish to elect the type of merger consideration they prefer to receive pursuant to the merger should review and follow carefully the instructions set forth in the election form provided to Encore stockholders together with this joint proxy statement/prospectus or in a separate mailing. These instructions require that a properly completed and signed election form be received by the exchange agent by the election deadline, which is 5:00 p.m., New York time, on March 2, 2010. If an Encore stockholder does not submit a properly completed and signed election form to the exchange agent by the election deadline, that stockholder will receive a mix of cash and stock consideration consisting of \$15.00 in cash and between 2.0698 and 2.6336 shares of Denbury common stock in exchange for each Encore share.

**Q: What vote is required to approve the merger and related matters?**

A: For Denbury, the affirmative vote of a majority of its shares of common stock outstanding and entitled to vote as of the record date is required to adopt the merger agreement, which provides for, among other things, the merger of Encore with and into Denbury and the issuance of Denbury common stock to Encore stockholders as part of the merger consideration.

For Encore, the affirmative vote of a majority of its shares of common stock outstanding and entitled to vote as of the record date is required to adopt the merger agreement.

For additional information on the vote required to approve the merger and related matters, see The Stockholder Meetings beginning on page 41.

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**Q: Is the consummation of the merger subject to any conditions other than the approval of the stockholders of Denbury and Encore?**

A: Yes. In addition to stockholder approval, the consummation of the merger is contingent upon the following:

the absence of any law or court order that prohibits the merger;

the shares of Denbury common stock to be issued pursuant to the merger will have been approved for listing on the New York Stock Exchange;

the effectiveness of the registration statement on Form S-4, of which this joint proxy statement/prospectus is a part, and no pending stop order or proceeding seeking a stop order relating thereto;

the receipt of tax opinions from counsel for each of Denbury and Encore to the effect that the merger will be treated as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (which is referred to as the Code in this joint proxy statement/prospectus), and that each of Denbury and Encore will be a party to the reorganization within the meaning of Section 368(b) of the Code;

Denbury's receipt of financing as contemplated in the merger agreement; and

other customary conditions, including the absence of a material adverse effect on Denbury or Encore.

**Q: What do I need to do now?**

A: After reading and considering carefully the information contained in this joint proxy statement/prospectus, please vote promptly by calling the toll-free number listed on your proxy card, accessing the Internet website listed on your proxy card or completing, signing, dating and returning your proxy card in the enclosed postage-paid envelope. If you hold your stock in street name through a bank or broker, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker. Submitting your proxy by telephone, Internet or mail or directing your bank or broker to vote your shares will ensure that your shares are represented and voted at your special meeting. For additional information on voting procedures, see The Stockholder Meetings beginning on page 41.

**Q: How will my proxy be voted?**

A: If you vote by telephone, over the Internet or by completing, signing, dating and returning your signed proxy card, your proxy will be voted in accordance with your instructions. The proxy confers discretionary authority to the named proxies. Accordingly, if you complete, sign, date and return your proxy card and do not indicate how you want to vote, your shares will be voted as follows:

in the case of Denbury, FOR adoption of the merger agreement and FOR the adjournment of the Denbury special meeting, if necessary or appropriate to permit further solicitation of proxies; and

in the case of Encore, FOR the adoption of the merger agreement, and FOR the adjournment of the Encore special meeting, if necessary or appropriate to permit further solicitation of proxies.

For additional information on voting procedures, see The Stockholder Meetings beginning on page 41.

**Q: If my broker holds my shares in street name, will my broker automatically vote my shares for me?**

**A: No. If you do not provide your broker with instructions on how to vote your street name shares, your broker will not be permitted to vote them on your behalf.** Therefore, you should be sure to provide your broker with instructions on how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker to see if the broker offers telephone or Internet voting.

**Q: What if I fail to instruct my broker?**

**A: If you fail to instruct your broker to vote your shares and the broker submits an unvoted proxy, referred to as a broker non-vote, the broker non-vote will be counted toward a quorum at your special meeting, but**

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effectively will be treated as a vote against the proposal to adopt the merger agreement, unless you appear and vote in person at your special meeting.

For information on changing your vote if your shares are held in street name, see The Stockholder Meetings beginning on page 41.

**Q: Is the merger expected to be taxable to Encore stockholders?**

A: It is expected that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code and, therefore, it is expected that holders of Encore common stock will not recognize any gain or loss for federal income tax purposes to the extent they exchange their shares of Encore common stock for shares of Denbury common stock pursuant to the merger. However, to the extent holders of Encore common stock exchange their Encore common stock for cash, the merger will be taxable.

You should read Material U.S. Federal Income Tax Consequences of the Merger beginning on page 107 for a description of the material United States federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular situation. **You should consult your tax advisors to determine the tax consequences of the merger to you.**

**Q: What does it mean if I receive more than one set of materials?**

A: This means you own shares of both Denbury and Encore or you own shares of Denbury or Encore that are registered under different names. For example, you may own some shares directly as a stockholder of record and other shares through a broker, or you may own shares through more than one broker. In these situations, you will receive multiple sets of proxy materials. You must complete, sign, date and return all of the proxy cards or follow the instructions for any alternative voting procedures on each of the proxy cards you receive in order to vote all of the shares you own. Each proxy card you receive will come with its own postage-paid return envelope; if you vote by mail, make sure you return each proxy card in the return envelope that accompanied that proxy card.

**Q: What can I do if I want to change or revoke my vote?**

A: Regardless of the method you used to cast your vote, if you are a holder of record, you may change your vote:

by completing, signing, dating and returning a new proxy card with a later date;

by calling the toll-free number listed on the proxy card or by accessing the Internet website listed on the proxy card by 11:59 p.m. New York time on March 8, 2010; or

by attending your special meeting and voting by ballot at your special meeting.

You may also revoke your proxy card by sending a notice of revocation, which must be received prior to your special meeting, to the designated representative of the applicable company at the address provided under Where You Can Find More Information on page 117.

If you hold your shares in street name and wish to change or revoke your vote, please refer to the information on the voting instruction form included with these materials and forwarded to you by your bank, broker, custodian or other record holder to see your voting options.

For additional information on changing your vote, see The Stockholder Meetings beginning on page 41.

**Q: What will happen to Encore's stock options and restricted stock in the merger?**

A: At the effective time of the merger, each outstanding option to purchase shares of Encore common stock will fully vest and will be converted into an obligation of Denbury to pay to the option holder an amount in cash equal to the product of (i) the number of shares of Encore common stock subject to the option and (ii) the excess, if any, of the aggregate consideration per share (or with respect to certain pre-2005 options, the highest price per share paid within 60 days prior to the merger) over the exercise price per share previously subject to the option.

Immediately prior to the effective time of the merger, each outstanding award of Encore restricted stock granted by Encore will become fully vested and each holder will have the right to make the same elections



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as a holder of Encore common stock, except that any shares of Encore restricted stock granted as a 2009 bonus pursuant to the Encore annual incentive program will be converted into restricted shares of Denbury common stock. For more information, see Terms of the Merger Agreement Employee Stock Options; Restricted Shares on page 94.

**Q: If I am a holder of Encore common stock with shares represented by stock certificates, should I send in my Encore stock certificates now?**

A: No. Please do not send in your Encore stock certificates with your proxy card. Rather, prior to the election deadline, send your completed, signed election form, together with your Encore common stock certificates (or a properly completed notice of guaranteed delivery) to the exchange agent. The election form for your Encore shares and your instructions will be delivered to you together with this joint proxy statement/prospectus or in a separate mailing. If your shares of Encore common stock are held in street name by your broker or other nominee, you should follow your broker's or nominee's instructions for making an election.

**Q: Are Encore stockholders entitled to appraisal rights?**

A: Encore stockholders may, under certain circumstances, be entitled to appraisal rights under Section 262 of the General Corporation Law of the State of Delaware, or the DGCL. For more information regarding appraisal rights, see The Merger Appraisal Rights beginning on page 87. In addition, a copy of Section 262 of the DGCL is attached to this joint proxy statement/prospectus as Annex D.

**Q: Are there any risks in the merger that I should consider?**

A: Yes. There are risks associated with all business combinations, including the proposed merger. We have described certain of these risks and other risks in more detail under Risk Factors beginning on page 34.

**Q: Will Denbury stockholders receive any shares as a result of the merger?**

A: No. Denbury stockholders will continue to hold the Denbury shares they currently own.

**Q: When do you expect to complete the merger?**

A: Denbury and Encore expect to complete the merger during the first quarter of 2010, although completion by any particular date cannot be assured.

**Q: Where can I find more information about the companies?**

A: Both Denbury and Encore file periodic reports and other information with the SEC. You may read and copy this information at the SEC's public reference facility. Please call the SEC at 1-800-SEC-0330 for information about this facility. This information is also available through the SEC's website at <http://www.sec.gov> and at the offices of the New York Stock Exchange. Both companies also maintain websites. You can obtain Denbury's SEC filings at <http://www.denbury.com> and you can obtain Encore's SEC filings at <http://www.encoreacq.com>. We do not intend for information contained on or accessible through our respective websites to be part of this joint proxy statement/prospectus, other than the documents that we file with the SEC that are incorporated by reference into this joint proxy statement/prospectus.

In addition, you may obtain some of this information directly from the companies. For a more detailed description of the information available, see Where You Can Find More Information on page 117.

**Q: Whom should I call if I have questions about the special meeting or the merger?**

A: Denbury stockholders should call Georgeson Inc., Denbury's proxy solicitor, at (866) 482-4969.

Encore stockholders should call BNY Mellon Shareowner Services, Encore's proxy solicitor, at (800) 814-0304.

If you have more questions about the merger, please call the Investor Relations Department of Denbury at (972) 673-2000 or the Investor Relations Department of Encore at (817) 877-9955.

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**SUMMARY**

*This summary highlights selected information from this document and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the terms of the merger, you should read carefully this entire document and the other available information referred to under "Where You Can Find More Information." We encourage you to read the merger agreement, the legal document governing the merger, which is included as Annex A to this document and incorporated by reference herein. We have included page references in the discussion below to direct you to more complete descriptions of the topics presented in this summary. We have defined certain oil and gas industry terms used in this document in the "Glossary of Oil and Gas Terms."*

**The Companies**

**Denbury Resources Inc.**  
**5100 Tennyson Pkwy., Suite 1200**  
**Plano, Texas 75024**  
**(972) 673-2000**

Denbury is a Delaware corporation engaged in the acquisition, development, operation and exploration of oil and natural gas properties in the Gulf Coast region of the United States, primarily in Mississippi, Louisiana, Texas and Alabama. Denbury is the largest oil and natural gas producer in Mississippi, and it owns the largest reserves of CO<sub>2</sub> used for tertiary oil recovery east of the Mississippi River. Denbury's goal is to increase the value of acquired properties through a combination of exploitation, drilling and proven engineering extraction processes, with its most significant emphasis relating to tertiary recovery operations.

Since Denbury acquired its first CO<sub>2</sub> tertiary flood in Mississippi in 1999, it has gradually increased its emphasis on these types of operations. Denbury's tertiary operations have grown to the point that, as of December 31, 2008, approximately 50% of its proved reserves were proved tertiary oil reserves. As of December 31, 2008, Denbury had total tertiary-related proved oil reserves of approximately 125.8 MMBbls. Denbury's production from tertiary operations has increased from approximately 1,350 Bbls/d in 1999, the then existing production at Little Creek Field at the time of acquisition, to an average of 24,347 Bbls/d during the third quarter of 2009. Denbury expects this production to continue to increase for several years as Denbury expands its tertiary operations to additional fields that it owns. Denbury believes that there are many additional oil fields in its operating areas that can be acquired and flooded with CO<sub>2</sub>, providing potential growth opportunities beyond its existing inventory of oil fields.

Denbury's estimated total proved reserves at December 31, 2008 were 179.1 MMBbls of oil and 428 Bcf of natural gas, based on the December 31, 2008 NYMEX oil price of \$44.60 per barrel adjusted to prices received by field and a Henry Hub natural gas cash price of \$5.71 per MMBtu, also adjusted to prices received by field. On a BOE basis, Denbury's proved reserves were 250.5 MMBOE at December 31, 2008, of which approximately 72% was oil and approximately 58% was proved developed. Denbury recently announced information concerning its 2009 year-end proved reserves and estimated production. See Denbury The Combined Company Recent Events beginning on page 45.

Denbury continues to emphasize its tertiary recovery operations because management believes these operations (i) are lower risk and more predictable than most traditional exploration and development activities, and (ii) provide a reasonable rate of return at relatively low oil prices. In addition, Denbury has virtually no competition for this type of activity in its geographic area, as generally, from east Texas to Florida, there are no known significant sources of CO<sub>2</sub> other than those that Denbury owns. Denbury believes that if significant sources of man-made CO<sub>2</sub> are captured and

become available in the future, tertiary recovery operations provide an economical way to sequester these greenhouse gases, while recovering additional oil. Denbury has acquired several old oil fields in its areas of operations with potential for tertiary recovery and plans to acquire additional fields. Denbury also continues to expand its CO<sub>2</sub> pipeline infrastructure to transport CO<sub>2</sub>.

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Denbury's strategy is focused on the following fundamental principles:

remain focused in specific regions where Denbury either has, or believes it can create, a competitive advantage as a result of its ownership or use of CO<sub>2</sub> reserves, oil fields and CO<sub>2</sub> infrastructure;

acquire properties where management believes additional value can be created through tertiary recovery operations and a combination of other exploitation, development, exploration and marketing techniques;

acquire properties that give Denbury a majority working interest and operational control or where management believes Denbury can ultimately obtain them;

maximize the value of company properties by increasing production and reserves while controlling costs; and

maintain a highly competitive team of experienced and incentivized personnel.

Denbury's common stock is listed on the New York Stock Exchange under the symbol DNR.

**Encore Acquisition Company**

**777 Main Street, Suite 1400**

**Fort Worth, Texas 76102**

**(817) 877-9955**

Encore is a Delaware corporation engaged in the acquisition and development of oil and natural gas reserves from onshore fields in the United States. Since 1998, Encore has acquired producing properties with proven reserves and leasehold acreage and grown the production and proven reserves by drilling, exploring, reengineering or expanding existing waterflood projects and applying tertiary recovery techniques. Encore's properties and its oil and natural gas reserves are located in four core areas:

the Cedar Creek Anticline, or CCA, in the Williston Basin in Montana and North Dakota;

the Permian Basin in west Texas and southeastern New Mexico;

the Rockies, which includes non-CCA assets in the Williston, Big Horn and Powder River Basins in Wyoming, Montana and North Dakota and the Paradox Basin in southeastern Utah; and

the Mid-Continent region, which includes the Arkoma and Anadarko Basins in Oklahoma, the North Louisiana Salt Basin and the East Texas Basin.

Encore's estimated total proved reserves at December 31, 2008 were 134.5 MMBbls of oil and 307.5 Bcf of natural gas, based on December 31, 2008 spot market prices of \$44.60 per barrel for oil and \$5.62 per Mcf for natural gas. On a BOE basis, Encore's proved reserves were 185.7 MMBOE at December 31, 2008, of which approximately 72% was oil and approximately 80% was proved developed. Encore recently announced information concerning its 2009 year-end proved reserves and estimated fourth quarter 2009 production. See Denbury The Combined Company Recent Events beginning on page 45.

Encore's common stock is listed on the New York Stock Exchange under the symbol EAC.

**The Merger  
(Page 47)**

Denbury and Encore have agreed to combine their businesses pursuant to the merger agreement described in this joint proxy statement/prospectus. Pursuant to the merger agreement, Encore will merge with and into Denbury. As a result of the merger, Encore will cease to exist and Denbury will continue as a public company. The merger agreement is attached as Annex A to this joint proxy statement/prospectus and is incorporated by reference herein. Denbury and Encore encourage you to read the merger agreement in its entirety because it is the legal document that governs the merger.

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**Merger Consideration (Page 93)**

Under the merger agreement, Encore stockholders may elect to receive consideration consisting of cash, shares of Denbury common stock or a combination of both in exchange for their shares of Encore common stock, subject to the proration feature described below. Encore stockholders electing to receive a mix of cash and stock consideration and non-electing stockholders will receive \$15.00 in cash and between 2.0698 and 2.6336 shares of Denbury common stock in exchange for each Encore share. Subject to proration, Encore stockholders electing to receive all cash will receive \$50.00 per Encore share and Encore stockholders electing to receive only Denbury common stock will receive between 2.9568 and 3.7622 shares of Denbury common stock in exchange for each Encore share. The actual number of shares of Denbury common stock to be issued to Encore stockholders receiving either all stock or a mix of cash and stock consideration will be determined under a collar mechanism based upon the Denbury 20-day average price. For a more complete description of what Encore stockholders will be entitled to receive pursuant to the merger, see *Terms of the Merger Agreement – Conversion of Encore Stock* on page 93.

The aggregate cash consideration to be received by Encore stockholders pursuant to the merger will be fixed at an amount equal to the product of \$15.00 and the number of issued and outstanding shares of Encore common stock immediately prior to closing of the merger, which cash amount is expected to be approximately \$833.1 million, excluding approximately \$56.2 million in cash payments to Encore stock option holders. Accordingly, if Encore stockholders elect, in the aggregate, to receive cash in an amount greater than the aggregate cash consideration payable under the merger agreement, or less than the aggregate cash consideration payable under the merger agreement, then those holders electing to receive either all cash or all stock consideration, as the case may be, will be pro rated down and will receive the undersubscribed form of merger consideration as a portion of the overall consideration they receive for their shares. As a result, Encore stockholders that make a valid election to receive all cash or all stock consideration may not receive merger consideration entirely in the form elected. See *Risk Factors – Encore stockholders electing to receive only cash or only Denbury common stock may receive a form or combination of consideration different from the form they elect* on page 34.

Denbury will not issue any fractional shares of its common stock to any holder of Encore common stock upon completion of the merger. For each fractional share that would otherwise be issued, Denbury will pay cash (without interest) in an amount equal to the product of (i) the fractional share and (ii) the closing price for a share of Denbury common stock on the business day immediately preceding the closing date. See *Terms of the Merger Agreement – Surrender of Shares; Stock Transfer Books* beginning on page 96.

**Completion and Delivery of the Election Form (Page 95)**

If you are an Encore stockholder, you have received or will receive (together with this joint proxy statement/prospectus or in a separate mailing) an election form with instructions for making cash and stock elections. You must complete properly and deliver to the exchange agent your election form along with your stock certificates (or a properly completed notice of guaranteed delivery). Do not send your stock certificates or election form with your proxy card.

Election forms and stock certificates (or a properly completed notice of guaranteed delivery) must be received by the exchange agent by the election deadline, which is 5:00 p.m., New York time, on March 2, 2010. Once you tender your stock certificates to the exchange agent, you may not transfer your shares of Encore common stock until the merger is completed, unless you revoke your election by a written notice to the exchange agent that is received prior to the election deadline.

If you fail to submit a properly completed election form prior to the election deadline, you will be deemed not to have made an election. As a holder making no election, you will receive the mixed cash and stock consideration.

If you own shares of Encore common stock in street name through a broker or other nominee and you wish to make an election, you should seek instructions from the broker or other nominee holding your shares concerning how to make your election.



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If the merger is not completed, stock certificates will be returned by the exchange agent by first class mail or through book-entry transfer (in the case of shares of Encore common stock delivered in book-entry form to the exchange agent).

### **Treatment of Stock Options and Restricted Stock (Page 94)**

At the effective time of the merger, each outstanding option to purchase shares of Encore common stock, whether or not then exercisable or vested, will be converted into an obligation of Denbury to pay the option holder an amount in cash equal to the product of (i) the number of shares of Encore common stock subject to the option and (ii) the excess, if any, of the aggregate consideration per share (or with respect to certain pre-2005 options, the highest price per share paid within 60 days prior to the merger) over the exercise price per share previously subject to the option.

Immediately prior to the effective time of the merger, each outstanding award of Encore restricted stock will become fully vested and each holder will have the right to make the same elections as a holder of Encore common stock, except that any shares of Encore restricted stock granted as a 2009 bonus pursuant to the Encore annual incentive program will be converted into a number of restricted shares of Denbury common stock determined by multiplying (i) the number of restricted shares of Encore common stock subject to that grant by (ii) the exchange ratio used in determining the consideration payable to Encore stockholders who have elected to receive only common stock consideration.

### **Board Recommendations (Pages 58 and 61)**

*Encore.* Encore's board of directors has unanimously adopted a resolution approving the merger agreement, declared the merger agreement advisable and determined that the merger agreement and the transactions contemplated by it are fair to and in the best interests of Encore and its stockholders and recommends unanimously that Encore stockholders vote at the special meeting to adopt the merger agreement and approve any adjournment of the special meeting, if necessary or appropriate to solicit additional proxies. See *The Merger Background of the Merger* beginning on page 47. As described under the heading *The Merger Interests of Certain Persons in the Merger that May be Different from Your Interests* beginning on page 81 of this joint proxy statement/prospectus, Encore's directors and executive officers will receive financial benefits that may be different from, or in addition to, those of Encore stockholders.

*Denbury.* Denbury's board of directors has unanimously adopted a resolution approving the merger agreement and the transactions contemplated by it, declared the merger agreement advisable and recommends unanimously that Denbury stockholders vote at the special meeting to adopt the merger agreement, which provides for, among other things, the merger of Encore with and into Denbury and the issuance of Denbury common stock to Encore stockholders as part of the merger consideration. See *The Merger Background of the Merger* beginning on page 47. In addition, Denbury's board of directors recommends unanimously that Denbury stockholders vote to approve any adjournment of the special meeting, if necessary or appropriate to solicit additional proxies.

### **Opinions of Financial Advisors (Pages 64 and 73)**

In deciding to recommend the merger, each of Denbury and Encore considered an opinion from its financial advisor.

#### **Opinion of Encore's Financial Advisor**

Barclays Capital Inc., or Barclays Capital, rendered its opinion to Encore's board of directors that, as of October 31, 2009, based upon and subject to the qualifications, limitations and assumptions stated in its opinion, the merger consideration to be received by the stockholders of Encore was fair, from a financial point of view, to such

stockholders.

The full text of the written opinion of Barclays Capital, dated October 31, 2009, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in

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connection with the opinion, is attached as Annex B to this joint proxy statement/prospectus. Barclays Capital provided its opinion for the information and assistance of Encore's board of directors in connection with its consideration of the merger. The Barclays Capital opinion is not a recommendation as to how any holder of Encore's common stock should vote with respect to the merger, adoption of the merger agreement or any other matter.

Pursuant to a letter agreement dated October 9, 2009, Encore engaged Barclays Capital to act as its financial advisor in connection with the contemplated transaction. As compensation for its services in connection with the merger, Encore paid Barclays Capital \$1.0 million upon the delivery of Barclays Capital's fairness opinion. Additional compensation of \$12.5 million will be payable on completion of the merger, against which the amount paid for the opinion will be credited. In addition, Encore has agreed to reimburse Barclays Capital for its expenses, including attorneys' fees and disbursements, and to indemnify Barclays Capital and related persons against various liabilities.

**Opinion of Denbury's Financial Advisor**

Pursuant to an engagement letter dated October 30, 2009, Denbury retained J.P. Morgan Securities Inc., or J.P. Morgan, as its financial advisor in connection with the proposed merger and to deliver a fairness opinion in connection with the merger.

At the meeting of Denbury's board of directors on October 31, 2009, J.P. Morgan rendered its oral opinion, subsequently confirmed in writing, to Denbury's board of directors that, as of that date and based upon and subject to the factors and assumptions set forth in its opinion, the consideration to be paid by Denbury in the proposed merger was fair, from a financial point of view, to Denbury.

The full text of the written opinion of J.P. Morgan, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by J.P. Morgan in connection with its opinion, is attached as Annex C to this joint proxy statement/prospectus and is incorporated herein by reference. Denbury stockholders are urged to read the opinion carefully and in its entirety.

J.P. Morgan's written opinion is addressed to Denbury's board of directors, is directed only to the consideration to be paid by Denbury in the merger and does not constitute a recommendation to any Denbury stockholder as to how that stockholder should vote at the Denbury special meeting. The summary of the opinion of J.P. Morgan set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.

For services rendered in connection with the merger, Denbury has agreed to pay J.P. Morgan \$12.0 million, \$3.0 million of which was paid after the public announcement of the proposed merger, and the remainder of which will become payable only if the merger is consummated. In addition, Denbury has agreed to reimburse J.P. Morgan for its expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify J.P. Morgan against certain liabilities, including liabilities arising under the Federal securities laws.

**Board of Directors and Management of Denbury Following the Merger  
(Page 81)**

Denbury's board of directors and executive officers will remain the same following the merger as they are immediately before the merger becomes effective.

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**The Stockholder Meetings**

**(Page 41)**

*Denbury.* The Denbury special meeting will be held for the following purposes:

to consider and vote upon a proposal to adopt the merger agreement, which provides for, among other things, the merger of Encore with and into Denbury and the issuance of Denbury common stock to Encore stockholders as part of the merger consideration;

to consider and vote upon any adjournment of the special meeting, if necessary or appropriate to solicit additional proxies in favor of the foregoing proposal; and

to transact any other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

*Encore.* The Encore special meeting will be held for the following purposes:

to consider and vote upon a proposal to adopt the merger agreement;

to consider and vote upon any adjournment of the special meeting, if necessary or appropriate to solicit additional proxies in favor of the foregoing proposal; and

to transact any other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

**Record Dates**

**(Page 42)**

*Denbury.* You may vote at the special meeting of Denbury stockholders if you owned Denbury common stock at the close of business on February 3, 2010.

*Encore.* You may vote at the special meeting of Encore stockholders if you owned Encore common stock at the close of business on February 3, 2010.

**Votes Required**

**(Page 42)**

*Denbury.* Each share of Denbury common stock outstanding as of the record date will be entitled to one vote at the Denbury special meeting. Adoption of the merger agreement, which provides for, among other things, the merger of Encore with and into Denbury and the issuance of Denbury common stock to Encore stockholders as part of the merger consideration, requires the affirmative vote of a majority of the then outstanding shares of Denbury common stock that are entitled to vote as of the record date. Any adjournment of the special meeting, if necessary or appropriate to solicit additional proxies requires the affirmative vote of the holders of Denbury common stock representing a majority of the votes present in person or by proxy at the special meeting entitled to vote.

If a Denbury stockholder abstains from voting, that action will be the equivalent of a vote against all of the matters to be voted upon. A broker non-vote will be the equivalent of a vote against the adoption of the merger agreement. A

broker non-vote will have no effect on any adjournment of the special meeting, if necessary or appropriate to solicit additional proxies.

*Encore.* Each share of Encore common stock outstanding as of the record date is entitled to one vote at the Encore special meeting. Adoption of the merger agreement by Encore stockholders requires the affirmative vote of a majority of the then outstanding shares of Encore common stock that are entitled to vote as of the record date. Any adjournment of the special meeting, if necessary or appropriate to solicit additional proxies requires the affirmative vote of the holders of Encore common stock representing a majority of the votes present in person or by proxy at the special meeting entitled to vote.

If an Encore stockholder abstains from voting, that action will be the equivalent of a vote against all of the matters to be voted upon. A broker non-vote will be the equivalent of a vote against adopting the merger

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agreement, but will have no effect on any adjournment of the special meeting, if necessary or appropriate to solicit additional proxies.

An abstention occurs when a stockholder abstains from voting (either in person or by proxy) on one or more of the proposals. Broker non-votes occur when a bank, broker or other nominee returns a proxy but does not have authority to vote on a particular proposal.

**Outstanding Shares and Share Ownership of Management  
(Page 42)**

*Denbury.* As of the record date for the Denbury special meeting, there were 262,392,777 shares of Denbury common stock outstanding. Directors and executive officers of Denbury beneficially owned approximately 3.2% of the outstanding shares of Denbury common stock on the record date.

*Encore.* As of the record date for the Encore special meeting, there were 55,542,510 shares of Encore common stock outstanding. Directors and executive officers of Encore beneficially owned approximately 8.6% of the outstanding shares of Encore common stock on the record date.

**Risks Relating to the Merger  
(Page 34)**

You should be aware of and consider carefully the risks relating to the merger described under Risk Factors. These risks include possible difficulties in combining two companies that have previously operated independently.

**Material U.S. Federal Income Tax Consequences of the Merger  
(Page 107)**

Denbury and Encore each expect the merger to be a tax free reorganization pursuant to Section 368(a) of the Code to the extent Encore stockholders receive Denbury common stock pursuant to the merger.

Please review carefully the information under the caption Material U.S. Federal Income Tax Consequences of the Merger for a description of the material United States federal income tax consequences of the merger. The tax consequences to you will depend on your own situation. **Please consult your tax advisors for a full understanding of the tax consequences of the merger to you.**

**Accounting Treatment  
(Page 80)**

The merger will be accounted for as an acquisition of Encore by Denbury using the acquisition method of accounting. Encore uses the successful efforts method of accounting for its oil and natural gas properties. Denbury uses, and will continue to use, post-merger, the full cost method of accounting for its oil and gas properties.

**Appraisal Rights  
(Page 87)**

Encore stockholders will, under certain circumstances, be entitled under Delaware law to exercise appraisal rights and receive payment for the fair value of their Encore shares if the merger is completed. However, under Section 262 of the DGCL, appraisal rights are only available in connection with the merger if, among other things, holders of Encore stock are required to accept cash consideration for their Encore shares (other than cash paid in lieu of fractional

shares). Accordingly, Denbury reserves the right to take the position that appraisal rights are not available if, after application of the proration provisions of the merger agreement, all stockholders who elected to receive all stock consideration and all stockholders who demanded appraisal of their shares could have received consideration consisting of only Denbury common stock and cash paid in lieu of receiving fractional shares of Denbury common stock as a result of the merger. Encore stockholders who

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wish to seek appraisal of their shares are in any case urged to seek the advice of counsel with respect to the availability of appraisal rights.

If appraisal rights are available, Encore stockholders who desire to exercise their appraisal rights must not vote in favor of the adoption of the merger agreement, must submit a written demand for an appraisal before the vote on the adoption of the merger agreement and must continue to hold their Encore shares through the effective date of the merger. Encore stockholders must also comply with other procedures as required by Section 262 of the DGCL. If appraisal rights are available, Encore stockholders who validly demand appraisal of their shares in accordance with the DGCL and do not withdraw their demand or otherwise forfeit their appraisal rights will not receive the merger consideration. Instead, after completion of the proposed merger, the Court of Chancery of the State of Delaware will determine the fair value of their shares exclusive of any value arising from the proposed merger. This appraisal amount will be paid in cash and could be more than, the same as or less than the amount an Encore stockholder would be entitled to receive under the merger agreement.

The DGCL requirements for exercising appraisal rights are described in further detail in this joint proxy statement/prospectus, and the relevant section of the DGCL regarding appraisal rights is reproduced and attached as Annex D.

**Financing of the Merger  
(Page 91)**

Denbury has received a financing commitment letter from J.P. Morgan and JPMorgan Chase Bank, N.A., or JPMorgan Chase, which is subject to various conditions, for a proposed new \$1.6 billion senior secured revolving credit facility and a \$1.25 billion bridge facility. In place of the bridge facility, on February 3, 2010, Denbury completed the public offering of \$1 billion of its 81/4% Senior Subordinated Notes due 2020, which is scheduled to close on February 10, 2010. See *The Merger* Financing of the Merger beginning on page 91 for more details on the notes offering. These financing sources will be used to fund the cash portion of the merger consideration (inclusive of payments due to Encore stock option holders), refinance certain of Encore's existing debt, pay Encore's severance costs, repay Denbury's existing credit facility, pay merger-related transaction costs and provide additional liquidity. Encore will cooperate with Denbury's efforts to secure the financing and Denbury will reimburse Encore for the expenses it incurs in performing those efforts.

**Conditions to the Merger  
(Page 103)**

The merger will be completed only if the conditions to the merger are satisfied or waived (if legally permissible), including, among others, the following:

- the adoption of the merger agreement by Encore's stockholders;
- the adoption of the merger agreement by Denbury's stockholders;
- the absence of any law or court order that would prohibit, prevent or enjoin the merger;
- the effectiveness of the registration statement on Form S-4 of which this joint proxy statement/prospectus is a part, and no pending stop order or proceeding seeking a stop order relating thereto;
- the approval of the shares of Denbury common stock to be issued pursuant to the merger agreement to be listed on the New York Stock Exchange;



the receipt of tax opinions from counsel for each of Denbury and Encore to the effect that the merger will be treated as a reorganization under Section 368(a) of the Code and that each of Denbury and Encore will be a party to the reorganization within the meaning of Section 368(b) of the Code;

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Denbury's receipt of the financing contemplated by the merger agreement; and

other customary conditions, including the absence of a material adverse effect on Denbury or Encore.

Either party to the merger agreement may choose to complete the merger even though a condition has not been satisfied if the law allows Encore and Denbury to do so; however, neither Denbury nor Encore can give any assurance regarding when or if all of the conditions to the merger will either be satisfied or waived or that the merger will occur as intended.

**Regulatory Requirements  
(Page 91)**

The merger is subject to antitrust laws, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (which is referred to as the HSR Act in this joint proxy statement/prospectus). Denbury and Encore have made their respective filings under the HSR Act with the Antitrust Division of the United States Department of Justice, which is referred to as the Antitrust Division in this joint proxy statement/prospectus, and the United States Federal Trade Commission, which is referred to as the FTC in this joint proxy statement/prospectus. On November 30, 2009, the FTC granted early termination of the waiting period under the HSR Act.

**Termination of the Merger Agreement  
(Page 105)**

Denbury and Encore can mutually agree to terminate the merger agreement at any time. Either Denbury or Encore can unilaterally terminate the merger agreement in various circumstances, including the following:

if the merger has not occurred on or before May 31, 2010, but neither party may terminate the merger agreement if that party's breach of any provision of the merger agreement has contributed to, or otherwise resulted in, the failure of the merger to occur on or before May 31, 2010;

if a court or other governmental authority issues a final, non-appealable order restraining, enjoining or otherwise prohibiting the merger;

if Encore's stockholders or Denbury's stockholders fail to adopt the merger agreement;

if the Denbury financing condition is not satisfied on or before May 31, 2010; or

if the other party is in material breach of the merger agreement such that certain conditions set forth in the merger agreement are not capable of being satisfied and such breach is not cured prior to the earlier of 30 days after notice of the breach or May 31, 2010.

In addition, Encore may terminate the merger agreement if prior to the adoption of the merger agreement by Encore's stockholders, Encore's board of directors has effected a change in its recommendation and authorized Encore to enter into a definitive agreement with respect to a superior proposal.

**Termination Fee  
(Page 105)**

On a termination of the merger agreement under certain circumstances, Encore may be required to pay Denbury a termination fee of either \$60 million or \$120 million or Denbury may be required to pay Encore a termination fee of either \$60 million, \$120 million or \$300 million, in each case depending on the circumstances of the termination. In addition, Encore is obligated to reimburse Denbury for up to \$10 million of its expenses related to the merger if specified termination events occur.

**Interests of Certain Persons in the Merger that May be Different from Your Interests**  
**(Page 81)**

Encore's directors and executive officers have interests in the merger that may be different from, or in addition to, the interests of holders of Encore common stock. These interests include certain Encore executive officers being entitled to receive specified severance and other benefits, following the effective time of the

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merger. Severance benefits are paid only upon an executive officer's termination for cause or good reason. Some of these benefits include the following:

*Severance Benefits*

a lump sum cash payment to each of Encore's executive officers in the amount of 2-3 times their respective annual salaries and bonus;

continued medical, dental and life insurance coverage for up to three years for Encore's executive officers;

payments to compensate for the imposition of certain federal excise taxes imposed on Encore's executive officers;

*Other Benefits*

the vesting of Encore restricted stock and options to purchase shares of Encore's common stock held by Encore's executive officers and directors at the effective time of the merger and conversion of that stock into the right to receive the merger consideration (other than restricted stock granted as a 2009 bonus);

entitlement for Encore's executive officers to receive an incentive award that would vest over time from Denbury if they remain employed by Denbury for 30 days following the effective time of the merger; and

indemnification by Denbury with respect to acts or omissions performed by Encore's directors and executive officers in their capacities as such.

Encore's board of directors was aware of these interests and considered them, among other matters, in making its recommendation. See *The Merger* Reasons for the Merger Encore beginning on page 55.

**Acquisition Proposals  
(Page 100)**

Encore and its subsidiaries will not, and Encore and its subsidiaries will direct their respective officers, directors, investment bankers, attorneys, accountants, financial advisors, agents and other representatives not to, (i) directly or indirectly initiate, solicit, knowingly encourage or knowingly facilitate an acquisition proposal, (ii) participate or engage in discussions or negotiations with, or disclose any non-public information to, any other party with respect to an acquisition proposal, (iii) accept an acquisition proposal or (iv) enter into any agreement to do any of the foregoing with respect to an acquisition proposal. However, prior to obtaining adoption of the merger agreement by Encore's stockholders, Encore or its board of directors may take any action described in clauses (ii) (iv) above if Encore receives an unsolicited written acquisition proposal from a third party and Encore's board of directors determines in good faith (after consultation with its financial advisors and outside legal counsel) that the proposal constitutes, or could reasonably be expected to lead to, a transaction more favorable to its stockholders than the merger.

In addition, prior to adoption of the merger agreement by Encore's stockholders, Encore's board of directors may effect a change in its recommendation of the merger in response to (i) a superior proposal or (ii) an intervening event if Encore's board of directors concludes in good faith (after consultation with its outside legal counsel) that a failure to withdraw its recommendation would breach its fiduciary duties under applicable law.

Prior to obtaining adoption of the merger agreement by Denbury's stockholders, Denbury's board of directors may effect a change in its recommendation of the merger in response to an intervening event if it determines in good faith

(after consultation with outside legal counsel and, if appropriate, its financial advisor) that a failure to withdraw its recommendation would breach its fiduciary duties under applicable law.

In general, the term *intervening event* means, with respect to either party, a material event or circumstance that was not known or reasonably foreseeable to the board of directors of that party on the date of the merger agreement (or, if known, the consequences of which were not known to or reasonably foreseeable by that board of directors), which event or circumstance, or material consequences thereof, become

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known to the board of directors of that party prior to the time at which that party receives the applicable stockholder approval, but in no event will any of the following constitute an intervening event:

the receipt, existence or terms of an acquisition proposal for Denbury or of any information or any communication that could lead to any acquisition by Denbury of any business or assets other than Encore, or any consequence thereof;

any failure to arrange or receive the financing, or any of the terms or consequences of the financing; or

any change in, or event or condition generally affecting, the oil and natural gas industry or exploration and production companies, including, without limitation, any change in oil or natural gas prices or differentials.

**Material Differences in the Rights of Stockholders  
(Page 111)**

Denbury and Encore are both Delaware corporations. Upon completion of the merger, your rights as stockholders of Denbury will be governed by its certificate of incorporation and bylaws. Encore stockholders should consider that Denbury's certificate of incorporation and bylaws differ in some material respects from Encore's certificate of incorporation and bylaws.

**Selected Historical Consolidated Financial Data**

**Denbury**

The following table sets forth Denbury's selected consolidated historical financial information that has been derived from (1) Denbury's consolidated financial statements as of December 31, 2008, 2007, 2006, 2005 and 2004 and the years then ended and (2) Denbury's consolidated financial statements as of September 30, 2009 and 2008 and the nine month periods then ended. This disclosure does not include the effects of the merger. You should read this financial information in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and its consolidated financial statements and notes thereto in Denbury's 2008 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 incorporated by reference in this document.

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	<b>Nine Months Ended</b>		<b>Year Ended December 31,</b>				<b>2004</b>
	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2006(a)</b>	<b>2005</b>	
	<b>(In thousands, except per share amounts)</b>						
<b>Consolidated Statements of Operations Data:</b>							
Revenues and other income:							
Oil, natural gas and related product sales	\$ 600,942	\$ 1,128,548	\$ 1,347,010	\$ 952,788	\$ 716,557	\$ 549,055	\$ 444,777
CO <sub>2</sub> sales and transportation fees	9,708	9,705	13,858	13,630	9,376	8,119	6,276
Loss on effective hedge contract(b)							(70,469)
Interest income and other	1,948	3,525	4,834	6,642	5,603	3,218	2,388
<b>Total revenues</b>	<b>612,598</b>	<b>1,141,778</b>	<b>1,365,702</b>	<b>973,060</b>	<b>731,536</b>	<b>560,392</b>	<b>382,972</b>
Expenses:							
Lease operating expenses	241,908	228,134	307,550	230,932	167,271	108,550	87,107
Production taxes and marketing expenses	24,294	50,978	55,770	43,130	31,993	23,553	17,569
Transportation expense Genesis	6,143	5,623	7,982	5,961	4,358	4,029	1,168
CO <sub>2</sub> operating expenses	3,442	2,836	4,216	4,214	3,190	2,251	1,338
General and administrative	79,828	45,821	60,374	48,972	43,014	28,540	21,461
Interest, net of amounts capitalized(c)	36,960	23,988	32,596	30,830	23,575	17,978	19,468
Depletion, depreciation and amortization	177,145	160,896	221,792	195,900	149,165	98,802	97,527
Commodity derivative expense (income)	177,061	43,591	(200,053)	18,597	(19,828)	28,962	15,358
Abandoned acquisition cost(d)		30,426	30,601				
Write-down of oil and natural gas properties(d)			226,000				
<b>Total expenses</b>	<b>746,781</b>	<b>592,293</b>	<b>746,828</b>	<b>578,536</b>	<b>402,738</b>	<b>312,665</b>	<b>260,996</b>

Equity in net income (loss) of Genesis	5,802	3,796	5,354	(1,110)	776	314	(136)
Income (loss) before income taxes	(128,381)	553,281	624,228	393,414	329,574	248,041	121,840
Income tax provision (benefit):							
Current income taxes	18,140	44,769	40,812	30,074	19,865	27,177	22,929
Deferred income taxes	(67,869)	163,909	195,020	110,193	107,252	54,393	16,463
Net income (loss)	\$ (78,652)	\$ 344,603	\$ 388,396	\$ 253,147	\$ 202,457	\$ 166,471	\$ 82,448
Net income (loss) per share basic(e)	\$ (0.32)	\$ 1.41	\$ 1.59	\$ 1.05	\$ 0.87	\$ 0.74	\$ 0.38
Net income (loss) per share diluted(e)	\$ (0.32)	\$ 1.36	\$ 1.54	\$ 1.00	\$ 0.82	\$ 0.70	\$ 0.36
Weighted average common shares outstanding:(e)							
Basic	246,156	243,604	243,935	240,065	233,101	223,485	219,482
Diluted	246,156	252,708	252,530	252,101	247,547	239,267	229,206

### Consolidated Statements of Cash Flows Data:

Cash provided by (used in):

Operating activities	\$ 406,434	\$ 632,771	\$ 774,519	\$ 570,214	\$ 461,810	\$ 360,960	\$ 168,652
Investing activities	(736,390)	(617,677)	(994,659)	(762,513)	(856,627)	(383,687)	(93,550)
Financing activities	334,576	100,109	177,102	198,533	283,601	154,777	(66,251)

As of September 30,  
2009      2008

As of December 31,  
2008      2007      2006      2005      2004  
(In thousands)

### Consolidated Balance Sheets Data:

Total assets	\$ 3,903,260	\$ 3,468,532	\$ 3,589,674	\$ 2,771,077	\$ 2,139,837	\$ 1,505,069	\$ 992,706
Total long-term debt	1,196,061	776,991	852,767	680,330	507,786	373,591	223,397
Stockholders equity	1,790,659	1,787,985	1,840,068	1,404,378	1,106,059	733,662	541,672

- (a) Effective January 1, 2006, Denbury adopted new guidance issued by the Financial Accounting Standard Board ( FASB ) in the Compensation-Stock Compensation topic of the FASB Accounting Standards Codification ( FASC ) which prospectively required Denbury to record compensation expense for stock incentive awards.



- (b) Amount represents Denbury's net loss on commodity contracts that qualified for hedge accounting treatment, prior to Denbury's discontinuance of hedge accounting effective January 1, 2005.
- (c) Denbury's capitalized interest was \$48.7 million and \$19.5 million for the nine months ended September 30, 2009 and 2008, respectively, and \$29.2 million, \$20.4 million, \$11.3 million, \$1.6 million and \$0 for the years ended December 31, 2008, 2007, 2006, 2005 and 2004, respectively.

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- (d) In 2008, Denbury had a full cost ceiling test write-down of \$226.0 million (\$140.1 million net of tax) and pre-tax expense of \$30.6 million associated with a cancelled acquisition.
- (e) On December 5, 2007 and October 31, 2005, Denbury split its common stock on a 2-for-1 basis. Information relating to all prior years' shares and earnings per share has been retroactively restated to reflect the stock splits.

**Encore**

The following table sets forth selected consolidated historical financial information that has been derived from (1) Encore's consolidated financial statements as of December 31, 2008, 2007, 2006, 2005 and 2004 and the years then ended and (2) Encore's consolidated financial statements as of September 30, 2009 and 2008 and the nine months then ended. This selected historical consolidated financial data does not include the effect of the merger. You should read this financial information in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and its consolidated financial statements and notes thereto in Encore's Current Report on Form 8-K filed January 25, 2010, and Encore's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, which are incorporated by reference in this document.

	<b>Nine Months Ended</b>		<b>Year Ended December 31,(a)(b)</b>				
	<b>September 30,(a)(b)</b>						
	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>(In thousands, except per share amounts)</b>							
<b>Consolidated Statements of Operations Data:</b>							
Revenues(c):							
Oil	\$ 374,915	\$ 776,001	\$ 897,443	\$ 562,817	\$ 346,974	\$ 307,959	\$ 220,649
Natural gas	86,908	182,973	227,479	150,107	146,325	149,365	77,884
Marketing(d)	2,008	8,740	10,496	42,021	147,563		
Total revenues	463,831	967,714	1,135,418	754,945	640,862	457,324	298,533
Expenses:							
Production:							
Lease operating(e)	122,817	130,013	175,115	143,426	98,194	69,744	47,807
Production, ad valorem and severance taxes	48,074	95,845	110,644	74,585	49,780	45,601	30,313
Depletion, depreciation and amortization	217,361	159,114	228,252	183,980	113,463	85,627	48,522
Impairment of long-lived assets(f)		26,292	59,526				
Exploration	43,801	30,462	39,207	27,726	30,519	14,443	3,935
General and administrative(e)	40,743	36,549	48,421	39,124	23,194	17,268	12,059
Marketing(d)	1,612	9,362	9,570	40,549	148,571		

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Derivative fair value loss (gain)(g)	(741)	82,093	(346,236)	112,483	(24,388)	5,290	5,011
Loss on early redemption of debt(h)						19,477	
Provision for doubtful accounts	7,116	4	1,984	5,816	1,970	231	
Other operating	22,303	9,801	12,975	17,066	8,053	9,254	5,028
Total expenses	503,086	579,535	339,458	644,755	449,356	266,935	152,675
Operating income (loss)	(39,255)	388,179	795,960	110,190	191,506	190,389	145,858
Other income (expenses):							
Interest	(57,009)	(54,669)	(73,173)	(88,704)	(45,131)	(34,055)	(23,459)
Other	1,811	3,090	3,898	2,667	1,429	1,039	240
Total other expenses	(55,198)	(51,579)	(69,275)	(86,037)	(43,702)	(33,016)	(23,219)
Income (loss) before income taxes	(94,453)	336,600	726,685	24,153	147,804	157,373	122,639
Income tax benefit (provision)	25,254	(118,595)	(241,621)	(14,476)	(55,406)	(53,948)	(40,492)
Consolidated net income (loss)	(69,199)	218,005	485,064	9,677	92,398	103,425	82,147
Less: net loss (income) attributable to noncontrolling interest	9,669	(16,198)	(54,252)	7,478			
Net income (loss) attributable to EAC stockholders	\$ (59,530)	\$ 201,807	\$ 430,812	\$ 17,155	\$ 92,398	\$ 103,425	\$ 82,147
Net income (loss) per common share:							
Basic	\$ (1.15)	\$ 3.78	\$ 8.10	\$ 0.32	\$ 1.75	\$ 2.10	\$ 1.73(i)
Diluted	\$ (1.15)	\$ 3.67	\$ 8.01	\$ 0.31	\$ 1.74	\$ 2.07	\$ 1.71(i)
Weighted average common shares outstanding:							
Basic	51,964	52,466	52,270	53,170	51,865	48,682	47,090(i)
Diluted	51,964	53,134	52,866	53,629	52,356	49,303	47,522(i)



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	<b>Nine Months Ended</b>		<b>Year Ended December 31,(a)(b)</b>				
	<b>September 30,(a)(b)</b>						
	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>

(In thousands, except per share amounts)

**Consolidated  
Statements of Cash  
flows Data:**

Cash provided by  
(used in):

Operating activities	\$ 633,153	\$ 528,987	\$ 663,237	\$ 319,707	\$ 297,333	\$ 292,269	\$ 171,821
Investing activities	(710,316)	(536,094)	(728,346)	(929,556)	(397,430)	(573,560)	(433,470)
Financing activities	81,807	9,230	65,444	610,790	99,206	281,842	262,321

	<b>As of September 30,(a)(b)</b>			<b>As of December 31,(a)(b)</b>			
	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>

(In thousands)

**Consolidated  
Balance Sheets  
Data:**

Total assets	\$ 3,713,814	\$ 3,286,141	\$ 3,633,195	\$ 2,784,561	\$ 2,006,900	\$ 1,705,705	\$ 1,123,400
Long-term debt	1,243,496	1,217,604	1,319,811	1,120,236	661,696	673,189	