



NEWS RELEASE

# Denbury Announces CO2 Transport and Storage Agreement for Planned World-Scale Clean Hydrogen-Ammonia Complex

10/31/2022

Agreement covers 12 million metric tons per year of CO2

PLANO, Texas--(BUSINESS WIRE)-- Denbury Inc. (NYSE: DEN) ("Denbury" or the "Company") today announced that its subsidiary, Denbury Carbon Solutions, LLC. has executed a CO2 Services Agreement with Clean Hydrogen Works ("Clean Hydrogen"). Under the definitive agreement, Denbury will transport and sequester CO2 captured from Clean Hydrogen's planned hydrogen-ammonia complex in Ascension Parish, Louisiana, which is anticipated to be built less than two miles from Denbury's existing CO2 pipeline network.

The planned clean hydrogen-ammonia complex, Ascension Clean Energy ("ACE"), is expected to include two world-scale ammonia blocks with estimated ammonia production totaling 7.2 million tons of ammonia per year. Approximately 75% of the planned ammonia production volume is supported by letters of intent offtake agreements with high-quality purchasers.

The proposed facilities are to be constructed on a 1,700-acre site on the west bank of the Mississippi River in Donaldsonville, Louisiana, an ideal location for exports. The two ammonia blocks are currently projected to start up in a staged approach, with Block 1 production anticipated to commence in 2027. A final investment decision on the project is anticipated in 2024.

Key highlights of Denbury's agreement with Clean Hydrogen include:

- Denbury has the exclusive right to transport and sequester all of the CO<sub>2</sub> captured at ACE for a period of 12 years following startup, with multiple extension options.
- Captured CO<sub>2</sub> volumes are estimated to be approximately 12 million metric tons per year (“mmtpa”), comprised of 6 mmtpa from each of the two ammonia blocks.
- Permanent, secure underground storage of the CO<sub>2</sub> is anticipated in one or more of Denbury’s sequestration sites located in close proximity to Denbury’s CO<sub>2</sub> pipeline infrastructure.
- Denbury has invested \$10 million into the ACE project through an investment in Clean Hydrogen and has committed to invest another \$10 million when certain project milestones are achieved.

With this agreement, the cumulative volumes of CO<sub>2</sub> transportation and storage services agreements entered into by Denbury total 20 mmtpa, double the Company’s cumulative goal to reach 10 mmtpa by the end of 2022.

Chris Kendall, Denbury President and CEO, commented, “We are excited to work with Clean Hydrogen Works and the State of Louisiana on this important clean energy project that aligns with our mission to sustainably deliver energy that the world needs. Our existing CO<sub>2</sub> pipeline infrastructure along the Gulf Coast, part of the largest owned and operated CO<sub>2</sub> network in the United States, is perfectly situated to handle the CO<sub>2</sub> emissions from this massive project and to ensure that the carbon captured is safely transported and secured in underground storage. We look forward to creating significant value with our partners, for our shareholders, and for the local and state economies of Louisiana.”

Mitch Silver, SVP and COO of Clean Hydrogen Works, stated, “We look forward to working with industry leader Denbury to develop the ACE Project, using innovation to meet global demand for clean and affordable energy. Denbury’s track record for safely and efficiently transporting and storing CO<sub>2</sub> makes them an ideal partner in this exciting endeavor to provide a cost-effective and scalable pathway to decarbonize our use of energy.”

The ACE project is expected to generate up to 350 permanent and 1,500 peak construction jobs, benefitting the Louisiana economy. As part of the planning process for the project, Denbury and Clean Hydrogen have been meeting with local and state regulatory officials and community stakeholders to provide an overview of the economic and environmental benefits of the proposed facilities and carbon capture and storage operations.

“Blue” ammonia results when the CO<sub>2</sub> emissions that otherwise would have been vented into the atmosphere during the process of making ammonia are instead captured, transported and permanently stored underground in secure geologic formations. Demand for “blue” ammonia is anticipated to grow significantly as a decarbonized energy source for hard-to-abate industries, both for its hydrogen content and as a fuel itself, as it does not emit carbon when combusted.

## ABOUT DENBURY

Denbury is an independent energy company with operations and assets focused on Carbon Capture, Use and Storage (CCUS) and Enhanced Oil Recovery (EOR) in the Gulf Coast and Rocky Mountain regions. For over two decades, the Company has maintained a unique strategic focus on utilizing CO<sub>2</sub> in its EOR operations and since 2012 has also been active in CCUS through the injection of captured industrial-sourced CO<sub>2</sub>. The Company currently injects over four million tons of captured industrial-sourced CO<sub>2</sub> annually, with an objective to fully offset its Scope 1, 2, and 3 CO<sub>2</sub> emissions by 2030, primarily through increasing the amount of captured industrial-sourced CO<sub>2</sub> used in its operations. For more information about Denbury, visit [www.denbury.com](http://www.denbury.com).

The Denbury Carbon Solutions team was formed in January 2020 to advance Denbury's leadership in the anticipated high-growth CCUS industry, leveraging Denbury's unique capabilities and assets that were developed over the last 20-plus years through its focus on CO<sub>2</sub> EOR.

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## ABOUT CLEAN HYDROGEN WORKS

Project majority shareholder, **Clean Hydrogen Works** (CHW), is a sustainability-focused, commercially oriented project developer with extensive experience in developing integrated energy value chains. Established in early 2021, CHW is led by an experienced team of project executives from leading global energy companies. Developing integrated clean hydrogen-ammonia value chains optimized for low-cost and low carbon, CHW is helping to meet the world's growing energy needs with a secure, affordable, and sustainable energy supply at scale. Clean hydrogen and ammonia as a hydrogen carrier will play critical roles in the global energy transition by complementing renewables to decarbonize critical sectors including marine, power, industrial, and heavy transport. For more information, visit [www.cleanhydrogenworks.com](http://www.cleanhydrogenworks.com).

This press release contains forward looking statements that involve risks and uncertainties, including the commitment of equity and debt financing sufficient to construct one or both blocks of the proposed facility, the facilities being constructed and becoming operational; the nature and extent of the future market for "blue" ammonia; the availability of anticipated quantities of CO<sub>2</sub> to be sequestered and the timing of same; Denbury's successful preparation and testing of storage sites for permanent CO<sub>2</sub> sequestration; and obtaining Class VI permits required for permanent CO<sub>2</sub> sequestration. These statements are based on engineering, geological, financial and operating assumptions that Denbury believes are reasonable based on currently available information; however, their achievement are subject to a wide range of business risks, and there is no assurance that these goals and projections can or will be met. Actual results may vary materially. In addition, any forward-looking statements represent Denbury's estimates only as of today and should not be relied upon as representing its estimates as of any future date. Denbury assumes no obligation to update these forward-looking statements.

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