Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Dave Freudenthal, Governor

John Corra, Director

January 26, 2007

Ms. Belinda Salinas
Manager, Environmental, Safety and Regulatory Affairs
Ultra Resources, Inc.
PO Box 1768
Pinedale, WY 82941

RE: Notice of Violation

Dear Ms. Salinas:

Enclosed you will find a Notice of Violation (NOV) issued to Ultra Resources, Inc. by the Department of Environmental Quality, Air Quality Division, for failing to comply with the permit requirement for routing vapors from the dehydrator to the combustor for the Mesa 15-35 PAD located in Sublette County , Wyoming. This violation of permit MD-1268 was observed by Ms. Jennifer Frazier on January 8, 2007.

Another issue, not currently addressed in this Notice of Violation, but of great concern was combustor functionality. It was observed that there was no tank combustor on site at the time of the site visit. At this point, I'm deferring further action on the combustor issue pending a review and proposal of measures to correct this type of problem by each Jonah/Pinedale operator.

As the Department and this Division consider the failure to comply with air quality permit conditions to be a serious matter, I am considering recommending the Department refer this violation to the State Attorney General's office requesting a suit be filed in District Court to recover appropriate penalties. If you would like to discuss settlement of this Notice of Violation prior to referral to the Attorney General's office, please contact Mr. Robert Gill, Air Quality Compliance Program Manager, at 307-777-3774 no later than ten (10) days after receipt of this letter.

Should you have any questions or comments regarding this matter, please feel free to contact me or Mr. Robert Gill.

Sincerely,

David A. Finley
Administrator
Air Quality Division

cc: Robert Gill
Jennifer Frazier
Tony Hoyt
Nancy Vehr
Keith Guille

BEFORE THE
DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING

IN THE MATTER OF THE NOTICE OF VIOLATION	)	
ISSUED TO ULTRA RESOURCES, INC,	)	**DOCKET NO.** 4009-07
MS. BELINDA SALINAS,	)	
ENVIRONMENTAL, SAFETY & REGULATORY AFFAIRS,	)	
PO BOX 1768	)	
PINEDALE, WYOMING 82941	)	

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Ultra Resources, Inc. to be in violation of permit MD-1268 issued in accordance with W.S. 35-11-801 of the Wyoming Environmental Quality Act and Chapter 6, Section 2 of the Wyoming Air Quality Standards and Regulations at the Mesa 15-35 PAD located in Sublette County, Wyoming.

2. W.S. 35-11-801(a) states, "In granting permits, the Director may impose such conditions as may be necessary to accomplish the purpose of this act which are not inconsistent with the existing rules, regulations and standards."

3. Chapter 6, Section 2 of the Wyoming Air Quality Standards and Regulations prescribes the applicability and procedures for issuing permits to sources under Wyoming's construction and modification permitting program.

4. Permit MD-1268 was issued to Ultra Resources, Inc. on November 16, 2005. Condition 8 states:

> "Reboiler still vent vapors from the and three 5.0 MMCFD TEG dehydration units shall be directed to the B-TEX control system consisting of an overhead condenser for collection of condensed liquids and a combustion device for incineration of non-condensable vapors to reduce the mass content of total HAPs and VOCs in the gases vented to the device by at least ninety-five (95%) percent by weight"

5. On January 8, 2007, Ms. Jennifer Frazier, Air Quality Division Engineer/Inspector, observed the valve open on the dehydration unit and vapors venting to the atmosphere.

6. Said violation consists of not routing vapors from the dehydration unit to the common combustion device. This is a direct violation of Condition 8 of permit MD-1268.

7. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental Quality Act] ... is subject to a penalty not to exceed ten thousand dollars ($10,000.00) for each violation for each day during which the violation continues, a temporary or permanent injunction, or both a penalty and an injunction.

8. This notice is being sent to you pursuant to W.S. 35-11-701(c), which requires that, in any case of the failure to correct or remedy an alleged violation, the Director of the Department of Environmental Quality shall cause a written notice to be issued and served upon the person alleged to be responsible.

DATED this 31 day of JAN, 2007.

David A. Finley
Administrator
Air Quality Division

John Corra
Director
Department of Environmental Quality

Please direct all inquiries to David A. Finley, Administrator, Division of Air Quality, Department of Environmental Quality, Herschler Building, 2nd Floor, 122 W. 25th Street, Cheyenne, Wyoming 82002. (Telephone: 307/777-7393.)