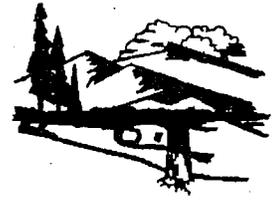




Department of Environmental Quality



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

April 18, 2008

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 have a functional emission control system device (combustor) operating while the well is producing for the Mesa 9-34 PAD located in Sublette County, Wyoming. This violation of permit MD-1564 was observed by Ms. Jennifer Frazier on February 14, 2008.

Another issue of great concern was observed during this and other inspections. Records for combustor installation, maintenance and operation were not available for any of the facilities in the field. Communication from Ultra has indicated that this was due to a telemetry failure which has necessitated the total replacement of the system and that this system has not been functional for the past six months. It is important to note that permits for these facilities require pilot flames on combustion units to be continually monitored and recorded. Had this system been functional, Ultra would have been able to immediately relight the combustor and show the timeframe that this unit was down.

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 Ms. Karen Godman, Air Quality Compliance Program Principal, at 307-777-8601 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 Ms. Karen Godman.

Sincerely,


David A. Finley
Administrator
Air Quality Division

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

Herschler Building • 122 West 25th Street • Cheyenne, WY 82002 • <http://deq.state.wy.us>

ADMIN/OUTREACH (307) 777-7937 FAX 777-3610	ABANDONED MINES (307) 777-6145 FAX 777-6462	AIR QUALITY (307) 777-7391 FAX 777-5616	INDUSTRIAL SITING (307) 777-7369 FAX 777-5973	LAND QUALITY (307) 777-7756 FAX 777-5864	SOLID & HAZ. WASTE (307) 777-7752 FAX 777-5973	WATER QUALITY (307) 777-7781 FAX 777-5973
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**BEFORE THE
DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING**

**IN THE MATTER OF THE NOTICE OF VIOLATION
ISSUED TO ULTRA RESOURCES, INC,
MS. BELINDA SALINAS,
ENVIRONMENTAL, SAFETY & REGULATORY AFFAIRS,
PO BOX 1768
PINEDALE, WY 82941**

)
) **DOCKET NO.**
) 4265-08
)
)
)

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

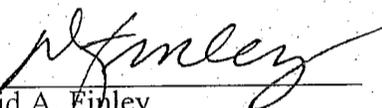
1. The Department of Environmental Quality, Division of Air Quality, has found Ultra Resources, Inc. to be in violation of permit MD-1564 issued in accordance with W.S. 35-11-801 of the Wyoming Environmental Quality Act and Chapter 6, Section 2 of the Wyoming Air Quality Standards and Regulations at the Mesa 9-34 PAD facility 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-1564 was issued to Ultra Resources, Inc. on May 4, 2006. Condition 13 states:

"Emission control devices installed under condition twelve (12) including the VOC and HAP emission control systems or devices, reboiler overheads condensers and all vent lines, connections, fittings, valves, relief valves, hatches or any other appurtenance employed to contain and collect vapors and transport them to the emission control system or device, shall be maintained and operated during any time the well is producing such that the emissions are controlled at all times. Records shall be maintained noting dates and durations of times during such operation when any emissions control system or device or the associated containment and collection equipment is not operational."
5. On February 14, 2008, Ms. Jennifer Frazier, Air Quality Division Engineer/Inspector, observed that the combustor was not functional, as the pilot flame was not lit.
6. Said violation consists of failing to have a functional emission control device (combustor) operating while the well is producing. This is a direct violation of Condition 13 of permit MD-1564.
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.

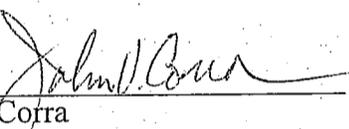
Ultra Resources, Inc
Notice of Violation
Page Two

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 25th day of April, 2008.



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.)