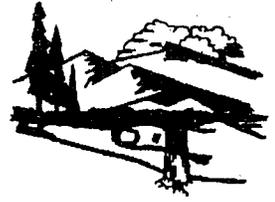




Department of Environmental Quality



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

July 31, 2008

Mr. William R. Picquet
Vice President of Operations
Ultra Resources, Inc.
304 Iverness Way South, Suite 295
Englewood, CO 80112

RE: Notice of Violation

Dear Mr. Picquet:

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 conditions which require emission control devices to be operated and maintained during all active well site production, monitoring to ensure that the control devices are operational and records maintained noting periods during active well site operation when these devices are not operational. Violations of this condition were documented from January 2008 until June 12, 2008 for approximately one hundred and nine facilities.

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 J. 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



**BEFORE THE
DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING**

**IN THE MATTER OF THE NOTICE OF VIOLATION
ISSUED TO ULTRA RESOURCES, INC,
MR. WILLIAM R. PICQUET
VICE PRESIDENT OF OPERATIONS,
304 INVERNESS WAY SOUTH, SUITE 295
ENGLEWOOD, CO 80112**

)
) **DOCKET NO. 4335-08**
)
)
)
)

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 numerous permits 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 for production site facilities 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. Permits were issued and/or transferred to Ultra Resources, Inc. for the one hundred and nine (109) facilities listed in Appendix A. All of the permits contain a general condition which requires emission control devices to be operated and maintained during all active well site production, monitoring to ensure that the control devices are operational and records maintained noting periods during active well site operation when these devices are not operational.

5. Inspections were conducted by Ms. Jennifer Frazier, Air Quality Division Engineer/Inspector, during the months of February, March and April 2008 of production sites operated by Ultra Resources, Inc. Follow-up with the company revealed that the remote telemetry system for the entire field had failed and the system had been down for approximately six (6) months as stated by Dan Bulfer, Production Manager, in his email dated April 8, 2008. With the remote telemetry system inoperative, the monitoring and record keeping requirements to show the emissions control devices were operational was not completed. On June 12, 2008 Mr. Jared Beck, Air Quality Engineer, conducted inspections of Ultra facilities located in this field and further discussed the telemetry system with company representative, Tyler Bell. Mr. Beck was told that the monitoring system had been down from January 2008 but was replaced and functional as of the date of his inspection.

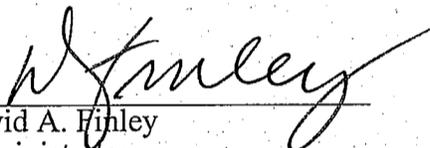
6. Said violations consist of failing to monitor and maintain records from January 2008 to June 12, 2008 noting periods during active well site operation when these emission control devices are not operational at the 109 facilities listed in Appendix A. These are violations of conditions within permits issued to these facilities.

Ultra Resources, Inc
Notice of Violation
2

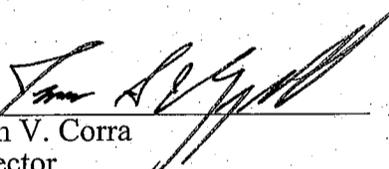
7. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental 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 31st day of JULY, 2008.



David A. Finley
Administrator
Air Quality Division



John V. 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.)

APPENDIX A

<u>Facility Name</u>	<u>Facility ID</u>	<u>Date Issued</u>	<u>Permit</u>
Boulder 11-18 Facility	20594	7/24/2007	CT-5860
Boulder 12A-33	17554	9/19/2005	CT-4056
Boulder 14-34	19198	8/22/2006	CT-4381
Boulder 15-18	18803	5/10/2006	CT-4273
Boulder 16-7 Facility	20155	4/17/2007	CT-4573
Boulder 5-19	12612	12/24/2002	CT-3175
Boulder 6-32	19197	8/22/2006	CT-4380
Boulder 7-19	14013	5/13/2003	CT-3304
Gannett 12-16 CPF	17806	10/18/2005	CT-4079
Mesa 10-22 PAD	17919	11/16/2005	CT-4093
Mesa 10-33	15816	5/25/2004	CT-3609
Mesa 10-35 PAD	19608	11/28/2006	CT-4467
Mesa 12-22D PAD	15430	11/30/2004	CT-3740
Mesa 1-33 Facility	15095	9/7/2005	CT-4039
Mesa 15-22D Pad	15957	11/16/2005	CT-4094
Mesa 15-27	18802	5/10/2006	CT-4272
Mesa 15-35 PAD	14367	7/22/2003	CT-3357
Mesa 16-28 PAD	17475	9/7/2005	CT-4042
Mesa 2-35D Pad	15497	11/30/2004	CT-3739
Mesa 3-18D PAD	15429	11/16/2005	MD-1269
Mesa 4-35 CPF	14985	7/1/2003	CT-3348
Mesa 6-27 CPF	12480	10/15/2002	CT-3056
Mesa 7-34 Facility	15135	6/1/2004	CT-3615
Mesa 8-28 Pad	14037	5/27/2003	CT-3316
Mesa 9-21D	12481	10/15/2002	CT-3055
Mesa 9-22	17393	11/22/2005	CT-4113
Mesa 9-34 Facility	13882	4/22/2003	CT-3288
Rainbow 13-30	16525	1/11/2005	CT-3804
Riverside 10-13 PAD	20595	7/24/2007	CT-5861
Riverside 11-14	15403	12/7/2004	CT-3749
Riverside 12-12D	17421	8/30/2005	CT-4035
Riverside 1-4 PAD	12613	10/22/2002	CT-3064
Riverside 15-12	15503	12/7/2004	CT-3752
Riverside 16-3 PAD	15402	12/28/2004	CT-3784
Riverside 16-4 Facility	15977	8/30/2005	CT-4031
Riverside 2-2 Facility	12611	10/8/2002	CT-3046
Riverside 4-1	18769	5/2/2006	CT-4266
Riverside 4-10	13783	3/25/2003	CT-3268
Riverside 4-24 PAD	20596	7/24/2007	CT-5862
Riverside 4-25 Facility	20597	7/24/2007	CT-5863
Riverside 4D-3D PAD	18508	3/7/2006	CT-4185
Riverside 5-2 Facility	20497	7/3/2007	CT-5703
Riverside 8-4 PAD	13581	3/11/2003	CT-3256
Riverside 9-2	14055	4/8/2008	CT-6944
Stud Horse Butte 10-21	11311	2/12/2002	CT-2720
Stud Horse Butte 10-23 Facility	10748	5/1/2001	CT-2318
Stud Horse Butte 10-24	10913	5/7/2002	CT-2805
Stud Horse Butte 11-23 Facility	6550	5/9/2000	CT-1878
Stud Horse Butte 12-23	11221	1/29/2002	CT-2698
Stud Horse Butte 12-24	10912	5/7/2002	CT-2804
Stud Horse Butte 13-23 Facility	9162	5/9/2000	CT-1880
Stud Horse Butte 14-23 PAD	10766	5/1/2001	CT-2315

Ultra Resources, Inc
Notice of Violation

4

Stud Horse Butte 14-24	10615	6/6/2001	CT-2393
Stud Horse Butte 15-23 Facility	9163	5/9/2000	CT-1879
Stud Horse Butte 16-21	11310	2/12/2002	CT-2719
Stud Horse Butte 16-23	10614	10/21/2001	CT-2554
Stud Horse Butte 2-23 Facility	10293	5/1/2001	CT-2316
Stud Horse Butte 2-24	11830	12/24/2002	CT-3176
Stud Horse Butte 3-23 PAD	9137	3/7/2000	CT-1765
Stud Horse Butte 4-24	10292	5/1/2001	CT-2317
Stud Horse Butte 5-23 Facility	10267	5/15/2007	MD-1575
Stud Horse Butte 6-23	10600	6/6/2001	CT-2395
Stud Horse Butte 6-24	11351	2/12/2002	CT-2721
Stud Horse Butte 7-23 PAD	9182	3/28/2000	CT-1792
Stud Horse Butte 8-23 Facility	10959	5/7/2002	CT-2806
Stud Horse Butte 8-24	11831	12/24/2002	CT-3173
Stud Horse Butte 9-21 PAD	6551	5/9/2000	CT-1877
Stud Horse Butte 9-23 Facility	6549	5/9/2000	CT-1881
Studhorse Butte 11-24	6548	5/9/2000	CT-1876
War Bonnet 6-23	12826	12/17/2002	CT-3162
War Bonnet 8-26 & War Bonnet 1-26D	14558	2/25/2003	CT-3244
Warbonnet 10-4 Facility	17398	8/23/2005	CT-4025
Warbonnet 10-9d	15874	8/30/2005	CT-4030
Warbonnet 1-10	19724	12/27/2006	CT-4487
Warbonnet 11D-5D	18287	1/24/2006	CT-4168
Warbonnet 1-21	18804	5/10/2006	CT-4274
Warbonnet 13-11	15007	1/30/2004	CT-3520
Warbonnet 13-24	15001	7/8/2003	CT-3350
Warbonnet 14b-3d	17965	2/1/2006	CT-4179
Warbonnet 15-10	19247	8/29/2006	CT-4393
Warbonnet 16-10 PAD	17553	9/19/2005	CT-4055
Warbonnet 16-4	17417	8/30/2005	CT-4032
Warbonnet 16-5	16720	4/12/2005	CT-3869
Warbonnet 2-8	18338	2/1/2006	CT-4176
Warbonnet 2D-4D	18535	3/14/2006	CT-4193
Warbonnet 3-10	17966	2/1/2006	CT-4178
Warbonnet 3-3	15749	8/9/2005	CT-4013
Warbonnet 3-5D	17989	2/1/2006	CT-4177
Warbonnet 4-10	15790	8/30/2005	CT-4034
Warbonnet 4-25	13249	12/30/2002	CT-3181
Warbonnet 4-26	14286	12/17/2002	CT-3169
Warbonnet 4-9 Facility	20167	4/24/2007	CT-4579
Warbonnet 5-14 Facility	15963	9/7/2005	CT-4041
Warbonnet 5-23	12013	12/30/2002	CT-3178
Warbonnet 5-25	17394	11/22/2005	CT-4111
Warbonnet 5-4/4-4D Facility	17395	11/22/2005	CT-4112
Warbonnet 5-9	16721	4/12/2005	CT-3870
Warbonnet 6-26	16391	11/30/2004	CT-3738
Warbonnet 6-4	17420	8/30/2005	CT-4033
Warbonnet 7-15D	17391	11/22/2005	CT-4110
Warbonnet 7-23	14497	9/9/2003	CT-3396
Warbonnet 7-3	18536	3/14/2006	CT-4194
Warbonnet 7-4	12945	12/24/2002	CT-3174
Warbonnet 8-22	15748	8/23/2005	CT-4024
Warbonnet 8-25	17392	11/22/2005	CT-4109
Warbonnet 8-8	18288	1/24/2006	CT-4167
Warbonnet 9-15	15937	9/7/2005	CT-4040

Ultra Resources, Inc
Notice of Violation
5

Warbonnet 9-26
Warbonnet 9-5D

15010
15876

1/30/2004
8/30/2005

CT-3521
CT-4029