

**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,  
370 17<sup>TH</sup> STREET, SUITE 1700  
DENVER, COLORADO 80202**

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) **DOCKET NO. 4467-09**  
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**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-1575 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 Stud Horse Butte 5-23 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-1575 was issued to Ultra Resources, Inc. on May 15, 2007. Permit MD-1575 dictates control of vent vapors from tanks through conditions 12 & 13 as follows:

Condition 12(A.) states:

"Upon the First Date of Production of an additional well at the Stud Horse Butte 5-23 Facility or upon the date production associated with a well from a separate location is tied into the Stud Horse Butte 5-23 Facility, controls for emissions from all existing and new hydrocarbon liquid storage tanks and pressure vessels (flashing/standing/working/breathing losses and any separator flash gas not collected for sales) shall be installed and operational. Emission control systems or devices installed under this condition shall be designed and operated to reduce the mass content of VOCs in the gases vented to the device by at least ninety-eight percent (98%) by weight, and shall meet the requirements of the Chapter 6, Section 2 Oil and Gas Production Facilities Permitting Guidance."

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 VOC or HAP emissions control system or device or the associated containment and collection equipment is not functioning to control emissions as required by this permit. 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."

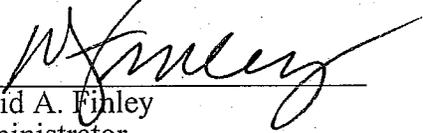
5. On November 12, 2008, Ms. Jennifer Frazier, Air Quality Division Engineer/Inspector, observed all four thief hatches venting significant amounts of vapors. Venting vapors from thief hatches and not routing vapors to the combustion device are violations of conditions 12 & 13 of permit MD-1575.

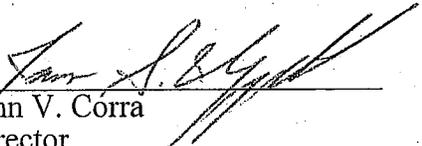
6. Said violation consists of venting vapors from four thief hatches and not routing vapors to emission control devices. These are violations of conditions 12 & 13 of permit MD-1575.

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 26<sup>th</sup> day of March, 2009.

  
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David A. Finley  
Administrator  
Air Quality Division

  
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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.)