

Keith Galle



Office of the Attorney General

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Dave Freudenthal

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Division Deputy
Jay A. Jerde

ROUTING MEMO

TO: AQD file

THROUGH: David Finley, Administrator

Bob Gill, Compliance Program Manager

FROM: Nancy Vehr, Sr. Asst. Attorney General

DATE: 5/7/2009

RE: State v. Ultra Resources, Inc.- 1st. Jud. Dist. #173-812 (In re DEQ NOV DN's 4009-07, 4029-07, 4264-08, 4265-08, 4266-08, 4267-08, 4359-08 and 4335-08)

Judge Grant signed the Consent Decree and it has been filed with the Court. Attached are copies of the following pleadings for your records:

- Complaint (4/22/09)
- Notice of Lawsuit and Request for Waiver of Service (4/22/09)
- Waiver of Service of Summons (5/1/09)
- Joint Motion for Entry of Consent Decree (5/1/09) and,
- ✓ • Consent Decree (5/5/09) and corresponding Certificate of Service (5/7/09)

I have also sent EPA copies of the Complaint and Consent Decree.

In accordance with section IV of the Consent Decree, Ultra has 30 days [6/10/09] within which to pay the Stipulated Penalty Amount. Section IV also includes various SEP requirements and timeframes. I am keeping this matter open and will notify you after Ultra pays. Please call me if you have any questions (7580).

IN THE FIRST JUDICIAL DISTRICT COURT
IN AND FOR LARAMIE COUNTY, STATE OF WYOMING

PEOPLE OF THE STATE OF)
WYOMING,)
)
Plaintiff,)
)
v.)
)
ULTRA RESOURCES, INC, a)
Wyoming corporation,)
)
Defendant.)

Docket No. 173-812

FILED

MAY - 5 2009

GERRIE E. BISHOP
CLERK OF THE DISTRICT COURT

CONSENT DECREE

The Wyoming Department of Environmental Quality, Air Quality Division ("DEQ/AQD") in the name of the People of the State of Wyoming as Plaintiff, pursuant to Sections 901(a) and 903(c) of the Wyoming Environmental Quality Act ("Act"), WYO. STAT. ANN. §§ 35-11-901(a) and 903(c) (West 2008), has filed a Complaint against Defendant Ultra Resources, Inc., a Wyoming corporation ("Ultra"), alleging that Ultra failed to comply with certain air quality permit conditions at specific oil and gas production facilities identified in the Complaint ("Facilities") and located in Sublette County, Wyoming, in violation of the Act, the Wyoming Air Quality Standards and Regulations ("WAQSR") and various DEQ/AQD permits. The DEQ/AQD and Ultra (collectively referred to hereinafter as "Parties") represent, and the Court by entering this Consent Decree finds, that this Consent Decree has been negotiated by the Parties at arms length and in good faith and will avoid or settle certain litigation among the Parties, and that this Consent Decree is fair, reasonable and in the public interest. THEREFORE, the Parties, by and through their respective attorneys, have agreed to the following terms for resolving this litigation prior to trial, before requiring the defendant to file an answer or the taking of evidence, without the adjudication or admission of any issue of fact or law, and with the consent of the Parties, IT IS HEREBY ORDERED, ADJUDGED, and DECREED as follows:

I. Jurisdiction

This Court has jurisdiction over the subject matter and the parties in this civil action under Section 901(a) of the Act (WYO. STAT. ANN. § 35-11-901(a)) and venue is proper in Laramie County under Section 903(c) of the Act (WYO. STAT. ANN. § 35-11-903(c)).

II. Parties

A. Ultra is a Wyoming corporation that owns and operates the Facilities which are all located in Sublette County, Wyoming.

B. The DEQ/AQD is the agency of Wyoming state government responsible for enforcing the Act, the WAQSR, the State Implementation Plan ("SIP") adopted pursuant to the federal Clean Air Act as amended, and permits issued pursuant to those provisions, including the DEQ/AQD permits listed in the Complaint.

III. Background

A. Ultra

1. Ultra owns and operates each of the Facilities.

2. Each of the Facilities are subject to various DEQ/AQD regulatory and permit requirements including their respective DEQ/AQD permits.

B. DEQ/AQD Construction and Modification Permitting Program and the Specific DEQ/AQD Permits and Associated NOVs

1. WYO. STAT. ANN. § 35-11-801 and Chapter 6, Section 2 of the WAQSR, require that persons obtain a DEQ air quality construction permit prior to commencing construction of any new facility or modifying any existing facility capable of causing or increasing air pollution in excess of standards established by the DEQ/AQD.

2. WYO. STAT. ANN. § 35-11-801(a) states in pertinent part, "In granting permits, the [DEQ] 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 WAQSR prescribes the applicability and procedures for issuing permits to sources under the DEQ/AQD's construction and modification permitting program.

4. Chapter 6, Section 2(f) allows reasonable conditions to be imposed upon construction or modification permits, including emission limits and emission testing and monitoring requirements.

5. Permit MD-1268 and NOV 4009-07.

a. Permit MD-1268. On or about November 16, 2005, the DEQ/AQD issued Permit MD-1268 to Ultra for the Mesa 15-35 PAD facility located in Sublette County, Wyoming. Condition No. 8 of Permit MD-1268 requires vapors from the dehydration units to be routed to a control system which included a common combustion device to reduce the mass content of total hazardous air pollutants ("HAPs") and volatile organic compounds ("VOCs") in the vapors by at least ninety-five percent (95%) by weight.

b. NOV 4009-07. Pursuant to WYO. STAT. ANN. § 35-11-701, the DEQ/AQD issued Notice of Violation Docket No. 4009-07 ("NOV I") to Ultra on January 31, 2007, alleging in part that Ultra violated the Act, the WAQSR, and DEQ/AQD Permit MD-1268 by failing to route vapors from the dehydration unit at the Mesa 15-35 PAD facility to the common combustion device as required by Condition No. 8 of DEQ/AQD Permit MD-1268.

6. Permit MD-1509 and NOV 4029-07.

a. Permit MD-1509. On or about December 27, 2006, the DEQ/AQD issued Permit MD-1509 to Ultra for the Stud Horse Butte 13-23 facility located in Sublette County, Wyoming. Condition No. 7 of Permit MD-1509 requires vapors from the condensate tanks to be routed to a control system which included a combustion device to reduce the mass content of VOCs in the vapors by at least ninety-eight percent (98%) by weight. Condition No. 8 of Permit MD-1509 required non-condensable reboiler vapors from the Tri-Ethylene Glycol (TEG) dehydration units to be

routed to a control system which included two combustion devices to reduce the mass content of HAPs and VOCs in the vapors by at least ninety-five (95%) by weight.

b. NOV 4029-07. Pursuant to WYO. STAT. ANN. § 35-11-701, the DEQ/AQD issued Notice of Violation Docket No. 4029-07 ("NOV II") to Ultra on February 15, 2007, alleging in part that Ultra violated the Act, the WAQSR, and DEQ/AQD Permit MD-1509 by failing to route vapors from the condensate tanks at the Stud Horse Butte 13-23 facility to the combustion device as required by Condition No. 7 of DEQ/AQD Permit MD-1509 and, by failing to route vapors from the dehydration unit at the Stud Horse Butte 13-23 facility to the combustion devices as required by Condition No. 8 of DEQ/AQD Permit MD-1509.

7. Permit CT-3749 and NOV 4264-08.

a. Permit CT-3749. On or about November 4, 2004, the DEQ/AQD issued Permit CT-3749 to Ultra for the Riverside 11-14 facility located in Sublette County, Wyoming. Condition No. 12 of Permit CT-3749 requires emission control devices to be maintained, functional and operated during well site operation.

b. NOV 4264-08. Pursuant to WYO. STAT. ANN. § 35-11-701, the DEQ/AQD issued Notice of Violation Docket No. 4264-08 ("NOV III") to Ultra on April 25, 2008, alleging in part that Ultra violated the Act, the WAQSR, and DEQ/AQD Permit CT-3749 by failing to have a functional emission control system device (combustor) operating at the Riverside 11-14 facility while the well was producing as required by Condition No. 12 of DEQ/AQD Permit CT-3749.

8. Permit MD-1564 and NOV 4265-08.

a. Permit MD-1564. On or about May 4, 2006, the DEQ/AQD issued Permit MD-1564 to Ultra for the Mesa 9-34 PAD facility located in Sublette County, Wyoming. Condition No. 13 of Permit MD-1564 requires emission control devices to be maintained and operated while the well is producing.

b. NOV 4265-08. Pursuant to WYO. STAT. ANN. § 35-11-701, the DEQ/AQD issued Notice of Violation Docket No. 4265-08 ("NOV IV") to Ultra on

April 25, 2008, alleging in part that Ultra violated the Act, the WAQSR, and DEQ/AQD Permit MD-1564 by failing to have a functional emission control system device (combustor) operating at the Mesa 9-34 PAD facility while the well was producing as required by Condition No. 13 of DEQ/AQD Permit MD-1564.

9. Permit CT-4112 and NOV 4266-08.

a. Permit CT-4112. On or about November 22, 2005, the DEQ/AQD issued Permit CT-4112 to Ultra for the Warbonnet 5-4/4-4D wet gas/condensate facility located in Sublette County, Wyoming. Condition Nos. 12A and 13 require emission controls for the liquid storage tanks and pressure vessels be designed, installed and operated during all periods of active well site operation to reduce the mass content of VOCs routed to the control device by at least ninety-eight percent (98%) by weight.

b. NOV 4266-08. Pursuant to WYO. STAT. ANN. § 35-11-701, the DEQ/AQD issued Notice of Violation Docket No. 4266-08 ("NOV V") to Ultra on April 25, 2008, alleging in part that Ultra violated the Act, the WAQSR, and DEQ/AQD Permit CT-4112 by failing to route vapors from the condensate tanks at the Warbonnet 5-4/4-4D wet gas/condensate facility to the combustion device as required by Condition Nos. 12A and 13 of DEQ/AQD Permit CT-4112.

10. Permit CT-4032 and NOV 4267-08.

a. Permit CT-4032. On or about August 30, 2005, the DEQ/AQD issued Permit CT-4032 to Ultra for the Warbonnet 16-4 wet gas/condensate facility located in Sublette County, Wyoming. Condition Nos. 12A and 13 require emission controls for hydrocarbon liquid storage tanks and pressure vessels be designed, installed and operated during all periods of active well site operation to reduce the mass content of VOCs vented to the device by at least ninety-eight percent (98%) by weight.

b. NOV 4267-08. Pursuant to WYO. STAT. ANN. § 35-11-701, the DEQ/AQD issued Notice of Violation Docket No. 4267-08 ("NOV VI") to Ultra on April 25, 2008, alleging in part that Ultra violated the Act, the WAQSR, and DEQ/AQD

Permit CT-4032 by failing to route vapors from the condensate tanks at the Warbonnet 16-4 wet gas/condensate facility to the combustion device as required by Condition Nos. 12A and 13 of DEQ/AQD Permit CT-4032.

11. Permit MD-1575 and NOV 4359-08.

a. Permit MD-1575. On or about May 15, 2007, the DEQ/AQD issued Permit MD-1575 to Ultra for the Stud Horse Butte 5-23 facility located in Sublette County, Wyoming. Condition Nos. 12A and 13 require emission controls for hydrocarbon liquid storage tanks and pressure vessels be designed, installed and operated during all periods of well production to reduce the mass content of VOCs vented to the device by at least ninety-eight percent (98%) by weight.

b. NOV 4359-08. Pursuant to WYO. STAT. ANN. § 35-11-701, the DEQ/AQD issued Notice of Violation Docket No. 4359-08 ("NOV VII") to Ultra on September 10, 2008, alleging in part that Ultra violated the Act, the WAQSR, and DEQ/AQD Permit MD-1575 by failing to route vapors from the condensate tanks at the Stud Horse Butte 5-23 facility to the combustion device as required by Condition Nos. 12A and 13 of DEQ/AQD Permit MD-1575.

12. Appendix A Facilities and NOV 4335-08.

a. Appendix A Facilities. Between March 7, 2000 and May 15, 2007, the DEQ/AQD issued or transferred permits to Ultra for the 109 facilities listed in Appendix A (attached hereto and incorporated herein by this reference) which are located in Sublette County, Wyoming. Each of the Permits listed in Appendix A require emission control devices be operated and maintained during all active well site production, monitored to ensure that the control devices are operational and, records maintained noting periods during active well site operation when those devices are not operational.

b. NOV 4335-08. Pursuant to WYO. STAT. ANN. § 35-11-701, the DEQ/AQD issued Notice of Violation Docket No. 4335-08 ("NOV VIII") to Ultra on July 31, 2008, alleging in part that Ultra violated the Act, the WAQSR, and each of the

109 DEQ/AQD permits issued for the facilities listed in Appendix A by failing to comply with the emission control device monitoring and recordkeeping requirements for each of the 109 facilities listed in Appendix A from January 2008 to June 12, 2008.

13. Any person who violates any provision of Article 2 of the Act, the WAQSR, or any standard or permit issued or adopted pursuant to those provisions, 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. WYO. STAT. ANN. § 35-11-901.

C. Hazardous Air Pollutants and Volatile Organic Compounds.

1. Hazardous Air Pollutants. "Hazardous Air Pollutants" ("HAPs") include any air pollutant listed in or pursuant to section 112(b) of the federal Clean Air Act and listed in Chapter 5, Section 3(d)(ii)(A)(I) of the Wyoming Air Quality Standards and Regulations. 5 WAQSR § 3(e).

2. Volatile Organic Compounds. "Volatile Organic Compounds" ("VOCs") are "any compound of carbon, excluding carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, and ammonium carbonate, which participates in atmospheric photochemical reactions," except for certain organic compounds which EPA has determined to have negligible photochemical reactivity. See 3 WAQSR § 6(a), 40 C.F.R. § 51.100(s).

D. Dehydration Unit, Storage Tank, and Pressurized Process Vessel Emissions

1. Dehydration Units. Dehydration units use glycol to absorb water from produced gas before the gas is introduced into gas sales or collection lines. See DEQ/AQD, OIL AND GAS PRODUCTION FACILITIES, CHAPTER 6, SECTION 2, PERMITTING GUIDANCE at pg. 13 (August 2007). Upon contact with wet gas, "lean" glycol absorbs water and other liquids and is then considered "rich." *Id.* To remove impurities or regenerate, the rich glycol goes through a glycol flash separator and/or a reboiler. *Id.* During flash separation and reboiling, water and hydrocarbon vapors containing VOC

and HAP pollutants are released from the rich glycol and discharged from the dehydration unit process vents. *Id.*

2. Storage Tanks and Pressurized Process Vessels. Storage tanks and pressurized process vessels receive produced liquids which undergo temperature and pressure changes during the process thereby releasing gases containing VOC and HAP pollutants that had been entrained in the liquids. *Id.* at 16. Releases of gas at times other than emergencies or upset conditions is referred to as “flashing emissions.” *Id.* Releases of gas displaced when storage tanks are filled or the tank vapor space expands or contracts are termed “standing/working/breathing” (“S/W/B”) losses. *Id.*

IV. Settlement

Without admitting any of the facts alleged in the NOVs or Complaint, and without admitting any liability or failure to comply with any statutory, regulatory or permit requirements, Ultra agrees to resolve the DEQ/AQD allegations set forth in NOVs I-VIII and the Complaint as follows:

A. Stipulated Civil Penalty. Within thirty (30) days after notice to Ultra of entry by the Court of this Consent Decree, Ultra, agrees to pay to the DEQ/AQD the sum of two hundred thousand dollars and no cents (\$200,000.00) as a stipulated civil penalty (“Stipulated Civil Penalty”). The check shall be made payable to the Department of Environmental Quality and shall be delivered to Nancy Vehr, Sr. Assistant Attorney General, Wyoming Attorney General’s Office, 123 Capitol Building, Cheyenne WY 82002.

B. Supplemental Environmental Projects. A Supplemental Environmental Project (“SEP”) is a project that is beneficial for the environment and is otherwise not required by applicable statutes, regulations, permits or orders. In addition to paying the Stipulated Civil Penalty, Ultra agrees to complete two SEPs as follows:

1. Accelerated Installation of Liquids Gathering System SEP (“LGS SEP”). This SEP will benefit the environment by/through the installation of a Liquids Gathering System (“LGS”) which will collect approximately 86% of the current

condensate production (based on actual production for the period August through November 2008) and transport of that condensate (and produced water) to two Central Gathering Facilities for separation and sales. Currently, condensate and produced water are separated at each production facility and stored in condensate and produced water storage tanks at each of these production facilities. The condensate and produced water are then trucked offsite from each of the production facilities for sales and disposal as appropriate. The installation of the LGS will allow condensate and produced water from the production facilities to be collected and transported by gathering pipelines to Central Gathering Facilities where the condensate and produced water will be separated and then sold/disposed of as appropriate. This will eliminate the need to store condensate and produced water at each production site eliminating the production site flashing emissions, eliminating the continuous operation of combustion devices at each production site and eliminating the need for truck traffic to haul condensate and produced water from each production site. Pursuant to the BLM's Record of Decision for the Pinedale Anticline Oil and Gas Exploration and Development Project (2008), Ultra is required to install a condensate collection system for existing wells (production facilities) by September 2010 ("BLM's Deadline"). Ultra will complete the LGS SEP described below which will accelerate the installation of a LGS for a portion of the existing production facilities, collecting approximately 86% of the current condensate production via a LGS by December 31, 2009 as opposed to meeting the BLM's Deadline. To accomplish this early installation of a LGS, Ultra agrees to complete the LGS SEP as follows:

a. Install a LGS by no later than December 31, 2009. Installation of a LGS which will collect approximately 86% of Ultra's existing condensate production and transport that produced condensate via gathering pipelines to two Central Processing Facilities by December 31, 2009. This LGS will collect the condensate and produced water from production facilities in the following sections: Mesa Section 21, SE ¼, T32N, R109W of the 6th Principle Meridian; Mesa Section 22, S ½, T32N, R109W; Mesa Section 23, SW ¼, T32N, R109W; Mesa Section 27, NW ¼

and S ½, T32N, R109W; Mesa Section 28, E ½, T32N, R109W; Mesa Section 33, E ½, T32N, R109W; Mesa Section 34, N ½ and SE ¼, T32N, R109W; Mesa Section 35, N ½ and SE ¼, T32N, R109W; Riverside Section 1, N ½ of NE ¼, NW ¼, and NW ¼ of SW ¼, T31N, R109W; Riverside Section 2, N ½ and SE ¼, T31N, R109W; Riverside Section 3, NW ¼ and SE ¼, T31N, R109W; Riverside Section 4, E ½, T31N, R109W; Riverside Section 9, E ½, T31N, R109W; Riverside Section 10, N ½ and SW ¼ and NW ¼ of SE ¼, T31N, R109W; Riverside Section 11, N ½ of NW ¼, T31N, R109W; Warbonnet Section 3, T30N, R108W; Warbonnet Section 4, N ½ and SE ¼, T30N, R108W; Warbonnet Section 5, NW ¼ and S ½, T30N, R108W; Warbonnet Section 8, T30N, R108W; Warbonnet Section 9, NW ¼ and SE ¼, T30N, R108W; Warbonnet Section 10, N ½ and SE ¼, T30N, R108W; Warbonnet Section 11, T30N, R108W; Warbonnet Section 12, T30N, R108W; Warbonnet Section 13, T30N, R108W; Warbonnet Section 14, N ½ and SE ¼, T30N, R108W; and Warbonnet Section 15, T30N, R108W.

b. In the event that Ultra fails to complete the LGS SEP requirements set forth in section IV.B.1.a by December 31, 2009, Ultra agrees to pay stipulated penalties calculated, assessed, and payable to the DEQ/AQD at the rate of one hundred five thousand four hundred seventeen dollars and no cents (\$105,417.00) for each month that Ultra is late in completing the LGS SEP, up to a maximum total of nine hundred forty-eight thousand seven hundred fifty-three dollars and no cents (\$948,753.00) is reached. For example, if Ultra does not complete the LGS SEP until sometime between January 1, 2010 and January 31, 2011, Ultra would pay a stipulated penalty to the DEQ/AQD of one hundred five thousand four hundred seventeen dollars and no cents (\$105,417.00); for completing the LGS SEP between February 1, 2010 and February 28, 2010, the stipulated penalty would total two hundred ten thousand eight hundred thirty-four dollars and no cents (\$210,834.00), etc. Any such stipulated penalties would be payable by no later than thirty days after the month they become due.

c. Ultra agrees to spend at least twenty five million dollars and no cents (\$25,000,000.00) by December 31, 2009 to install the LGS ("SEP Expenditure Amount"). In the event that Ultra does not spend an amount at least equal to the SEP Expenditure Amount by December 31, 2009 to complete the LGS SEP, Ultra agrees to pay the DEQ/AQD by no later than February 15, 2010 an additional stipulated penalty which would be calculated by taking the SEP Expenditure Amount of \$25,000,000.00 and subtracting the amount that Ultra actually spent to install the LGS and then multiplying that difference by a factor of 0.03795 ("SEP Expenditure Stipulated Penalty").

d. Ultra agrees to provide the DEQ/AQD with documentation of the completion of the LGS SEP and the amount it spent to complete the LGS SEP by no later than January 31, 2010. Ultra shall provide the LGS SEP expenditure documentation to DEQ/AQD, Attention: Mr. Bob Gill, DEQ/AQD Compliance Program Manager, Herschler Building – 2 East, 122 West 25th Street, Cheyenne, WY 82002. If Ultra has not completed the LGS SEP by January 31, 2010, Ultra agrees to provide the DEQ/AQD with documentation of the work it has completed and amount expended as of December 31, 2009 and to update such documentation monthly until Ultra has completed the LGS SEP.

2. University of Wyoming Environmental Engineering Internship SEP ("UW SEP"). This SEP will benefit the environment through activities conducted by the University of Wyoming Environmental Engineering Internship Program (EEIP).

a. Ultra agrees to complete the UW SEP by submitting a check made payable to the University of Wyoming in the amount of one hundred sixteen thousand two hundred fifty dollars and no cents (\$116,250.00) for the University of Wyoming Environmental Engineering Internship program account WYDEQ6867. Ultra shall make full payment of the UW SEP within thirty (30) days after the Consent Decree has been filed with the Court. Ultra shall submit the UW SEP payment to Christy Rickard, University of Wyoming, Department 3355, Contracts and Grants, Old Main,

Laramie, Wyoming 82071. Ultra shall provide UW SEP expenditure documentation to DEQ/AQD, Attention: Mr. Bob Gill, DEQ/AQD Compliance Program Manager, Herschler Building – 2 East, 122 West 25th Street, Cheyenne, WY 82002, within thirty (30) days after completing the UW SEP (“UW SEP Expenditure Documentation Deadline”).

b. In the event that Ultra does not complete the UW SEP according to the dates and amounts set forth above, or does not provide the DEQ/AQD with adequate SEP expenditure documentation, Ultra agrees to pay the DEQ/AQD an additional Stipulated Civil Penalty (“UW SEP Civil Penalty”) in the amount of one hundred sixteen thousand two hundred fifty dollars and no cents (\$116,250.00) by no later than sixty days after the UW SEP Expenditure Documentation Deadline.

3. Ultra certifies that as of the date it signed this Consent Decree, Ultra was not required to perform or develop either the UW SEP or the LGS SEP by any federal, state or local law or regulation; nor was Ultra required to perform or develop the UW SEP or LGS SEP pursuant to any other agreement or relief in any other case. Ultra further certifies that it has not received and is not negotiating to receive credit for the UW SEP or LGS SEP in any other pending action.

C. Satisfaction. Payment of the Stipulated Civil Penalty and successful completion of the UW SEP and LGS SEP shall constitute full satisfaction of Ultra’s obligations under this Consent Decree.

V. Release and Covenant Not to Sue and Dismissal with Prejudice

A. DEQ/AQD agrees that payment of the Stipulated Civil Penalty and completion of the UW SEP and LGS SEP as specified in Section IV of this Consent Decree shall constitute full satisfaction of the claims against Ultra that DEQ/AQD alleged in the Complaint initiating this action and in NOVs I-VIII.

B. In consideration of the Stipulated Civil Penalty and completion of the UW SEP and LGS SEP as specified in Section IV of this Consent Decree, DEQ/AQD and the State of Wyoming hereby release and covenant not to sue Ultra, its respective successors,

assigns, affiliates, parents, officers, directors, employees and representatives as to any common law claims, statutory claims, or other claims or causes of action arising out of the facts, transactions, or events which were alleged in NOVs I-VIII or the Complaint filed pursuant thereto.

C. This covenant not to sue is expressly conditioned upon the complete and satisfactory performance by Ultra as specified in Section IV of this Consent Decree.

D. Ultra shall notify the DEQ/AQD, by providing such notice through Bob Gill at the address noted in Section IV.B.1.d above, upon completion of its obligations specified in Section IV of this Consent Decree.

E. Within thirty (30) days after receiving Ultra's notice of completion, and DEQ/AQD's concurrence, the DEQ/AQD will request that the Court terminate this Consent Decree and dismiss this action with prejudice as to all claims which were made in this lawsuit.

F. The terms of Section IV and V shall survive termination of the Consent Decree.

VI. Parties Bound

A. This Consent Decree shall apply to and be binding upon Ultra, its successors and assigns and upon the DEQ and the State of Wyoming.

B. The Parties do not intend to create in any other individual or entity the status of third party beneficiary, and this Consent Decree shall not be construed so as to create such status. The rights, duties and obligations contained in this Consent Decree shall operate among the Parties to this Consent Decree.

C. Nothing in this Consent Decree relieves Ultra of its duty to comply with the Act, the WAQSR, Wyoming's SIP, the federal Clean Air Act, and any rules, regulations or standards adopted thereunder, including any permit requirements.

D. This Consent Decree is not and shall not be construed to be a permit or permit modification issued pursuant to any federal, state, or local statute, ordinance or regulation. Ultra shall remain solely responsible for its compliance with the terms of this

Consent Decree, all permits, and all applicable federal, state and local laws and regulations.

VII. Terms not Severable

The terms of this Consent Decree, which embody the comprehensive stipulated settlement between the Parties and are entered into to avoid litigation and terminate this controversy, are not severable.

VIII. Reservation of Rights

A. By signing this Consent Decree, Ultra neither admits nor denies that it violated any provision of the Act, the WAQSR, Wyoming's SIP, the federal Clean Air Act, or any permits issued pursuant to such authority. Nor shall this Consent Decree be construed as an admission of liability as to any such violation alleged herein or in NOVs I-VIII. By entering into this Consent Decree, Ultra neither admits nor denies the validity of any allegation contained in NOVs I-VIII or the Complaint.

B. DEQ and the State of Wyoming reserve all legal and equitable remedies available to enforce the provisions of this Consent Decree, including seeking injunctive relief and/or civil penalties.

C. Ultra reserves all legal and equitable remedies available to enforce the provisions of this Consent Decree, including seeking injunctive relief.

D. DEQ and the State of Wyoming do not waive sovereign immunity by entering into this Consent Decree and retain immunity and all defenses available to them as sovereigns under all state and federal law, except that any of the Parties may bring an action to seek interpretation or enforcement of this Consent Decree. Each party shall bear its own costs, fees, and expenses in any such action.

IX. Termination of Consent Decree

Except as otherwise provided in Section V, the terms and conditions of this Consent Decree shall terminate upon the DEQ/AQD's filing of written notice to the Court confirming the completion of Ultra's obligations under this Consent Decree and the Court's entry of a Termination and Dismissal Order.

X. Attorneys' Fees/Costs of Action

Each Party shall bear its own attorneys fees and costs of this action.

XI. Retention of Jurisdiction

The Court shall retain jurisdiction to enforce the terms and conditions of this Consent Decree, to enter such orders as are appropriate under the Consent Decree, and to resolve all disputes as may be necessary or appropriate for the construction or to carry out the terms of this Consent Decree until it is terminated as provided above.

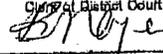
XII. Authority

The signatories certify that they are duly authorized to bind their respective Parties to this Consent Decree.

DATED this 3 day of May, 2009.

15 
DISTRICT COURT JUDGE

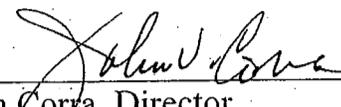
cc: Nancy Vehr, Sr. Asst. Attorney General

STATE OF WYOMING COUNTY OF LARAMIE, SS CHEYENNE
I Gerrie E. Bishop, Clerk of the District Court in and for the County of Laramie, Wyoming, do hereby certify that the within and foregoing is a full true and correct copy of the original thereof as the same appears on file or of record in my office and that the same is in full force and effect as of this date.
Witness my hand and seal of said court this 2 day of May 2009
GERRIE E. BISHOP
Clerk of District Court
By 
Deputy

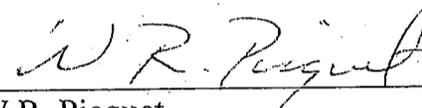
WE HEREBY CONSENT to the entry of this Consent Decree:

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

Date: 4/15/09 By: 
David Finley, Administrator
Air Quality Division

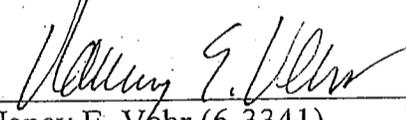
Date: 4/16/09 By: 
John Corra, Director
Department of Environmental Quality

FOR ULTRA RESOURCES, INC.:

Date: March 31, 2009 By: 
W.R. Picquet
VP - Operations

APPROVAL AS TO FORM:

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APPENDIX A

Facility Name	Facility ID	Date Issued	Permit
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

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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
Warbonnet 9-26	15010	1/30/2004	CT-3521
Warbonnet 9-5D	15876	8/30/2005	CT-4029

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