



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

October 9, 2009

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 obtain a construction permit prior to constructing and operating the Warbonnet 14-5 production facility. This violation was discovered during an inspection of this facility on June 16, 2009 conducted by Ms. Jennifer Frazier, Air Quality Division Inspector. During the inspection, it was noted by Ms. Frazier that an Enardo valve was continuously venting vapors to the atmosphere. By failing to control emissions from the Warbonnet 14-5 production facility, Ultra Resources, Inc. did not follow the Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance and is in direct violation of the construction permitting requirements of Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations.

As the Department and this Division consider the failure to comply with air quality permitting requirements 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: Bob Gill
Tony Hoyt
Jennifer Frazier
Cynthia Madison
Nancy Vehr

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**

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) **DOCKET NO. 4580-09**
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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 W.S. 35-11-801 of the Wyoming Environmental Quality Act and Chapter 6, Section 2 of the Wyoming Air Quality Standards and Regulations in the construction and operation of the Warbonnet 14-5 wet gas/condensate production facility located in Sublette County, Wyoming.

2. W.S. 35-11-801(c) states, "A permit to construct is required before the construction or modification of any industrial facility capable of causing or increasing air or water pollution in excess of standards established by the department is commenced."

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. Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations states, "Any person who plans to construct any new facility or source, modify any existing facility or source, or to engage in the use of which may cause the issuance of or an increase in the issuance of air contaminants into the air of this state shall obtain a construction permit from the State of Wyoming, Department of Environmental Quality, before any actual work is begun on the facility."

5. The Air Quality Division issued Chapter 6, Section 2 permitting guidance for Oil and Gas Production Facilities in June 1997 with a revision in November 1998, a revision in January 2000, a revision in August 2001, a revision in July 2004 and a revision dated August 2007. This guidance was developed to familiarize oil and gas production facilities with the Wyoming air quality regulations and to provide guidance to these facilities on what the Air Quality Division would accept as meeting the intent of Wyoming's regulatory requirement to obtain a construction permit prior to the construction or operation of new air emission sources (Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations). Companies may follow the Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance, or must, prior to construction of a new air emission source, obtain a Chapter 6, Section 2 permit. For facilities in the Jonah and Pinedale Anticline Development Area (JPAD), the August 2007 revision of the C6 S2 Oil and Gas Production Facilities Permitting Guidance requires that a complete C6 S2 permit application must be filed within 60-days of the First Date of Production and flashing emissions at all new facilities must be controlled upon the First day of Production. Emissions control equipment, systems or devices, 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, must be maintained and operated during any time a well is producing such that emissions are controlled at all times.

6. On June 16, 2009, Ms. Jennifer Frazier, Air Quality Division Inspector, observed continuous venting from an Enardo valve at the Warbonnet 14-5 production facility. In accordance with the C6 S2 Oil and Gas Production Facilities Permitting Guidance specific to facilities in the Jonah and Pinedale Anticline Development Area, revision August 2007, emissions from the hydrocarbon liquid storage tanks, pressure vessels and new dehydration units should have been controlled upon first date of production, not vented through a leaking Enardo valve. By failing to control emissions from the wells listed above, Ultra Resources, Inc. did not follow the Oil and Gas Production Facilities Chapter 6, Section 2 Permitting Guidance and is in direct violation of the construction permitting requirements of Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations.

7. Said violation consists of the failure to obtain a construction permit prior to constructing and operating the Warbonnet 14-5 production facility, in violation of W.S. 35-11-801(c) of the Wyoming Environmental Quality Act and Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations.

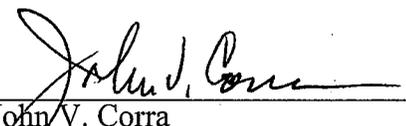
8. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental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

9. 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 16 day of OCT., 2009.



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.)