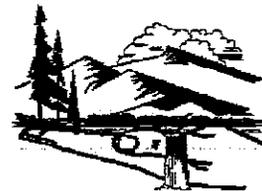




Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.



Matthew H. Mead, Governor

Todd Parfitt, Director

November 8, 2012

Ms. Cally McKee
Manager, Environmental & Regulatory
Ultra Resources, Inc.
304 Inverness Way South, Suite 295
Englewood, CO 80112

RE: Notice of Violation

Dear Ms. McKee:

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 requirement for routing vapors to the combustor for the Stud Horse Butte 15-23 facility located in Sublette County, Wyoming. This violation of permit MD-5866 was observed by Ms. Jennifer Frazier on September 24, 2012.

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,

Steven A. Dietrich
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,) DOCKET NO. 5085-12
MS. CALLY MCKEE,)
MANAGER, ENVIRONMENTAL & REGULATORY)
304 IVERNESS WAY SOUTH, SUITE 295)
ENGLEWOOD, COLORADO 80112)**

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-5866 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 15-23 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-5866 was issued to Ultra Resources, Inc. on August 14, 2007. Condition 7 states:

"Vapors from the two (2) 300-barrel condensate tanks, including tank flash and S/W/B vapors, shall be routed to a combustion device to reduce the mass content of VOCs and HAPs in the tank vapors vented to the device by at least ninety-eight percent (98%)..."

5. On September 24, 2012, Ms. Jennifer Frazier, Air Quality Division Engineer/Inspector, observed the in-line tank Enardo valve continuously leaking.

6. Said violation consists of not routing vapors to the common combustion device. This is a direct violation of Condition 7 of permit MD-5866.

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.

Ultra Resources, Inc.
Notice of Violation
Page Two

DATED this 8th day of NOVEMBER, 2012.



Steven A. Dietrich
Administrator
Air Quality Division



Todd Parfitt
Director
Department of Environmental Quality

Please direct all inquiries to Steven A. Dietrich, Administrator, Division of Air Quality, Department of Environmental Quality, Herschler Building, 2nd Floor, 122 W. 25th Street, Cheyenne, Wyoming 82002. (Telephone: 307/777-7393.)