SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air Quality Division (DEQ/AQD), Herschler Building, 122 West 25th Street, Cheyenne, WY 82002, and Ultra Resources, Inc. (Ultra), 304 Iverness Way South, Suite 295, Englewood, CO 80112, enter into this Settlement Agreement (Agreement) to fully and finally resolve without litigation the alleged violations cited in DEQ Notice of Violation Docket No. 5085-12 (Notice of Violation) As more fully set forth below, the Notice of Violation generally alleges that Ultra failed to route condensate tank vapors to the common combustion device at the Stud Horse Butte 15-23 facility (Facility) located in Sublette County, Wyoming, thereby violating the Wyoming Environmental Quality Act (Act), applicable Wyoming Air Quality Standards and Regulations (Air Quality Rules), and DEQ/AQD Permit MD-5866.

Wyo. Stat. Ann. § 35-11-901(a)(ii)(West 2012) authorizes stipulated settlement, including payment of a penalty, implementation of compliance schedules or other settlement conditions in lieu of litigation. To that end, Ultra and the DEQ/AQD hereby stipulate and agree as follows:

1. Ultra is a Wyoming corporation that owns and/or operates the Facility.

2. The DEQ/AQD is responsible for enforcing the Act, the Air Quality Rules and permits issued thereunder, including DEQ/AQD Permit MD-5866.

3. Wyo. Stat. Ann. § 35-11-201 states, "[n]o person shall cause, threaten or allow the discharge or emission of any air contaminant in any form so as to cause pollution which violates rules, regulations and standards adopted by the council."

4. Wyo. Stat. Ann. § 35-11-801(a) states, "[i]n 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."

5. Wyo. Stat. Ann. § 35-11-801(c) states, "[a] permit to construct is required before 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."

6. Chapter 6, Section 2 of the Air Quality Rules prescribes the applicability and procedures for issuing permits to sources under Wyoming's construction and modification permitting program.

7. Chapter 6, Section 2(f) of the Air Quality Rules states stat the DEQ/AQD "may impose any reasonable conditions upon an approval to construct, modify or operate[.]"

8. On August 14, 2007, the DEQ/AQD issued Permit MD-5866 to Ultra for the Facility. Permit Condition No. 7 required Ultra to route condensate tank vapors "to a combustion device[.]"

9. On September 24, 2012, a DEQ/AQD Engineer/Inspector observed the in-line tank Enardo valve continuously leaking at the Facility.

10. On November 8, 2012, the DEQ/AQD issued the Notice of Violation to Ultra, alleging that Ultra violated the Act, the Air Quality Rules, and Permit MD-5866 by failing to route vapors to the common combustion device.

11. Without admitting liability, and in lieu of litigation under Wyo. Stat. Ann. § 35-11-901(a)(ii), Ultra agrees to resolve the violations alleged above and also set forth in the Notice of Violation for a total amount of ten thousand dollars and no cents ($10,000.00) payable as follows:

A. Ultra agrees to pay the DEQ/AQD two thousand five hundred dollars and no cents ($2,500.00) as a stipulated civil penalty (Stipulated Civil Penalty). Within thirty (30) days after Ultra has been notified by the DEQ/AQD that the final signature has been affixed to this Agreement, Ultra shall make full payment by check made payable to the DEQ/AQD. Ultra shall mail the payment to Nancy Vehr, Sr. Asst. Attorney General, 123 Capitol Building, Cheyenne, WY 82002.

B. In lieu of paying the remaining balance of seven thousand five hundred dollars and no cents ($7,500.00) (Remaining Balance), Ultra agrees to complete the following Supplemental Environmental Project (SEP) to control the Gannett 13-16 production facility located in Sublette County to presumptive Best Available Control Technology (BACT) levels.

i. A SEP is a project that is beneficial for the environment and is otherwise not required by applicable statutes, regulations, permits or orders.

ii. For this SEP, Ultra agrees to replace the existing separator unit at the Gannett 13-16 facility with a new 4 mil combo unit; add a 30" VOC combustor on the condensate tanks at the Gannett 13-16 facility, and submit a permit modification to DEQ/AQD reflecting the equipment replacement and addition.

iii. Ultra completed this SEP before April 1, 2013. Within one hundred twenty (120) days after Ultra completed this SEP, Ultra agrees to submit a SEP Completion Report to the DEQ/AQD, Attn: Ms. Karen

Godman, 122 West 25th Street, Cheyenne, WY 82002. The SEP Completion Report shall describe the completed SEP and include itemized costs and certification that Ultra fully implemented the SEP pursuant to the provisions of this Agreement.

iv. Ultra estimates that the costs of parts and labor to complete this SEP will be approximately eighty-five thousand dollars and no cents ($85,000.00). In the event that Ultra did not spend at least seven thousand five hundred ($7,500.00) to complete this SEP, Ultra agrees to pay the DEQ/AQD the Remaining Balance by August 31, 2013.

v. Ultra certifies that as of the date it signs this Agreement, Ultra is not required to perform or develop this SEP by any federal, state or local law or regulation; nor is Ultra required to perform or develop this SEP pursuant to any other agreement or relief in any other case. Ultra further certifies that it has not received and is not presently negotiating to receive credit for this SEP in any other pending action.

12. Ultra, by entering into this Agreement, neither admits nor denies the validity of any allegation contained in the Notice of Violation, nor does Ultra concede or admit to any liability or fault, and this Agreement constitutes no admission of fault or non-compliance.

13. Full compliance with this signed Agreement shall constitute full satisfaction and release for all claims by the DEQ/AQD against Ultra based on the alleged violations described above and set forth in the Notice of Violation and, solely in reliance on this Agreement, the DEQ/AQD will refrain from taking further enforcement action against Ultra for these particular alleged violations.

14. In the event that Ultra fails to fulfill its obligations under this Agreement, Ultra waives any statute of limitation claims which may apply in an enforcement action by the DEQ/AQD involving the specific matters described in the Notice of Violation.

15. This Agreement shall be admissible by either Ultra or the DEQ/AQD (hereinafter Ultra and the DEQ/AQD may be referred to individually as "Party" and collectively as "Parties) without objection by the other Party only in an action between these Parties relating to this Notice of Violation; provided, however, that nothing herein constitutes an admission by Ultra of liability or fault.

16. Neither Party hereto shall have any claim against the other for attorneys' fees or other costs incurred with the allegations resolved hereby, including costs incurred in the preparation of this Agreement. Each Party shall bear its own attorney fees and costs, if any, incurred through the date this Agreement is signed by both Parties. Each

Party assumes the risk of liability arising from its own conduct. Neither Party agrees to insure, defend or indemnify the other.

17. Any changes, modifications, revisions or amendments to this Agreement which are mutually agreed upon by the Parties shall be incorporated by written instrument, executed and signed by all Parties to this Agreement.

18. The construction, interpretation and enforcement of this Agreement shall be governed by the laws of the State of Wyoming. The courts of the State of Wyoming shall have jurisdiction over this Agreement and the Parties, and the venue shall be the First Judicial District, Laramie County, Wyoming.

19. This Agreement, consisting of five (5) pages represents the entire and integrated agreement with respect to the subject matter of this Agreement between the Parties and supercedes all prior negotiations, representations, and agreements, whether written or oral.

20. The State of Wyoming and the DEQ/AQD do not waive sovereign immunity by entering into this Agreement and specifically retain immunity and all defenses available to them as sovereigns pursuant to Wyo. Stat. Ann. § 1-39-104(a) and all other state law.

21. The Parties do not intend to create in any other individual or entity the status of third party beneficiary, and this Agreement shall not be construed so as to create such status. The rights, duties and obligations contained in this Agreement shall operate only between the Parties to this Agreement, and shall inure solely to the benefit of the Parties to this Agreement. The Parties to this Agreement intend and expressly agree that only Parties signatory to this Agreement shall have any legal or equitable right to seek to enforce this Agreement, to seek any remedy arising out of a Party's performance or failure to perform any term or condition of this Agreement, or to bring an action for the breach of this Agreement.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

22. Each Party represents that they are authorized to enter this Agreement and agree to be bound hereby. This Agreement shall become binding upon the Parties once executed by all Parties.

IN WITNESS THEREOF, the Parties, by their duly authorized representatives, have executed this Agreement on the days and dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this Agreement.

ULTRA RESOURCES, INC.:

By: W. R. Picquet _____ 6/21/13 _____

William R. Picquet
Senior V.P. of Operations

Date

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY:

By: Steven A. Dietrich _____ 6-27-13 _____

Steven A. Dietrich, AQD Administrator

Date

By: Todd Parfitt _____ 6/28/13 _____

Todd Parfitt, DEQ Director

Date

APPROVAL AS TO FORM:

Nancy E. Vehr _____ 6/14/13 _____

Nancy E. Vehr, Sr. Asst. Atty. Gen.
Attorney for DEQ/AQD

Date