

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air Quality Division (DEQ/AQD), Herschler Building, 122 West 25th Street, Cheyenne, Wyoming 82002, and Ultra Resources, Inc. (Ultra), 400 North Sam Houston Parkway East, Suite 1200, Houston, Texas, 77060, enter into this Settlement Agreement (Agreement) to fully and finally resolve without litigation the alleged violation cited in Notice of Violation Docket Number 5569-15. The Notice of Violation alleged that Ultra violated the Wyoming Environmental Quality Act (Act) and the Wyoming Air Quality Standards and Regulations (Air Quality Rules) by improperly controlling fugitive dust at the Boulder 11-18 PAD facility, located in Sublette County, Wyoming (Facility).

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

1. Ultra is a Wyoming corporation with its corporate headquarters in Texas.
2. Ultra is the owner and operator of the Facility.
3. Ultra is a “person,” as defined in the Act and the Air Quality Rules. Wyo. Stat. Ann. § 35-11-103(a)(vi); 1 WAQSR 3(a).
4. DEQ/AQD is the executive branch agency of Wyoming government responsible for enforcing the Air Quality Rules. Wyo. Stat. Ann. § 35-11-110.
5. The Act provides, “[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 [environmental quality] council.” Wyo. Stat. Ann. § 35-11-201.
6. The Air Quality Rules require all persons handling or transporting materials to control fugitive dust emissions. Appropriate control methods include applying water or chemical dust suppressants to unpaved roads. 3 WAQSR 2(f)(ii)(A).
7. On March 10, 2015, DEQ/AQD Inspectors Jeff Wendt and Cindi Etcheverry observed a thick plume of dust originating from frac sand vessels at the Facility.
8. On April 22, 2015, DEQ/AQD issued Notice of Violation 5569-15 to Ultra (Notice of Violation). The Notice of Violation alleged that Ultra was in violation of the Act and the Air Quality Rules for failing to control fugitive dust.
9. Without admitting liability, and in lieu of litigation pursuant to Wyo. Stat. Ann. § 35-11-901(a)(ii), Ultra agrees to pay DEQ/AQD three thousand five hundred (\$3,500) as a stipulated penalty to resolve the violation alleged in the aforementioned Notice of Violation. Ultra agrees to make full payment by check made payable to the Wyoming DEQ/AQD, within thirty (30) days after Ultra has been notified by DEQ/AQD that the final signature has been

affixed to this Agreement. Ultra agrees to mail the payment to Ann Shed, DEQ/AQD, Herschler Building, 122 West 25th Street, Cheyenne, Wyoming 82002.

10. Ultra, by entering into this Agreement, does not concede or admit any liability, fault, or statutory noncompliance. Except as specifically provided for herein, nothing in this Agreement shall prejudice, waive, or impair any right, remedy, or defense that Ultra may have against any entity.

11. Full compliance with this signed Agreement shall constitute full satisfaction for all claims by DEQ/AQD against Ultra arising from the allegations contained within the Notice of Violation and this Agreement. In reliance on this Agreement, DEQ/AQD will refrain from taking further enforcement action against Ultra for these particular alleged violations. By this Agreement, the Parties intend to resolve with prejudice all allegations that are contained within the Notice of Violation and this Agreement.

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

13. This Agreement shall be admissible by either Ultra or DEQ/AQD without objection by the other party in any action between DEQ/AQD and Ultra relating to the violations alleged herein.

14. Each party assumes the risk of any liability arising from its own conduct. Neither party agrees to insure, defend, or indemnify the other. Neither DEQ/AQD nor Ultra shall have any claim against the other for attorneys' fees, or any other costs related to the preparation and resolution of this Agreement.

15. Any changes, modifications, revisions, or amendments to this Agreement are invalid unless mutually agreed upon by both parties, incorporated by written instrument, executed, and signed by all parties to this Agreement.

16. The laws of the State of Wyoming shall govern the construction, interpretation, and enforcement of this Agreement. 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.

17. This Agreement, consisting of three (3) pages represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations, and agreements, whether written or oral.

18. The State of Wyoming and 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.

19. 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 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.

20. In the event that Ultra assigns any or all of its proprietary interest in the Facility, DEQ/AQD reserves the right to enforce this Agreement against any and all subsequent owners and operators.

21. Each party represents that they are authorized to enter into this Agreement, agrees to comply with and to be bound by the terms of this Agreement, and further agrees that they will not contest the basis or validity of this Agreement. This Agreement shall become binding upon the parties once executed.

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: Brad Johnson
Brad Johnson
Senior Vice President, Operations

23 JUL 15
Date

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY:

By: Steven A. Dietrich
Steven A. Dietrich, AQD Administrator

7-27-15
Date

By: Todd Parfitt
Todd Parfitt, DEQ Director

7/27/15
Date

APPROVAL AS TO FORM:
Elizabeth Lyon
Elizabeth Lyon
Assistant Attorney General
Attorney for DEQ/AQD

7/28/15
Date