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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**Form 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2008

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from        to

Commission file number 0-29370

**ULTRA PETROLEUM CORP.**

*(Exact name of registrant as specified in its charter)*

**Yukon Territory, Canada**  
*(State or other jurisdiction of  
incorporation or organization)*

**N/A**  
*(I.R.S. employer  
identification number)*

**363 North Sam Houston Parkway,  
Suite 1200, Houston, Texas**  
*(Address of principal executive offices)*

**77060**  
*(Zip code)*

**(281) 876-0120**

**(Registrant's telephone number, including area code)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller Reporting Company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES  NO

The number of common shares, without par value, of Ultra Petroleum Corp., outstanding as of July 31, 2008 was 152,833,061.

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## **TABLE OF CONTENTS**

	<b><u>PART I — FINANCIAL INFORMATION</u></b>	
<u>ITEM 1</u>	<u>FINANCIAL STATEMENTS</u>	3
<u>ITEM 2</u>	<u>MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	15
<u>ITEM 3</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	21
<u>ITEM 4</u>	<u>CONTROLS AND PROCEDURES</u>	22
	<b><u>PART II — OTHER INFORMATION</u></b>	
<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u>	23
<u>ITEM 1A.</u>	<u>RISK FACTORS</u>	23
<u>ITEM 2.</u>	<u>CHANGES IN SECURITIES AND USE OF PROCEEDS</u>	23
<u>ITEM 3.</u>	<u>DEFAULTS IN SENIOR SECURITIES</u>	23
<u>ITEM 4.</u>	<u>SUBMISSION OF MATTERS TO A VOTE OF THE SECURITY HOLDERS</u>	24
<u>ITEM 5.</u>	<u>OTHER INFORMATION</u>	24
<u>ITEM 6.</u>	<u>EXHIBITS</u>	25
<u>SIGNATURES</u>		26
<u>EXHIBIT INDEX</u>		27

**PART I — FINANCIAL INFORMATION**

**ITEM 1 — FINANCIAL STATEMENTS**

**ULTRA PETROLEUM CORP.  
CONSOLIDATED STATEMENTS OF INCOME**

	<u>For the Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(Unaudited)			
	(Amounts in thousands of U.S. dollars, except per share data)			
<b>Revenues:</b>				
Natural gas sales	\$ 263,327	\$ 116,421	\$ 512,449	\$ 263,705
Oil sales	<u>30,794</u>	<u>14,451</u>	<u>52,809</u>	<u>23,743</u>
Total operating revenues	294,121	130,872	565,258	287,448
<b>Expenses:</b>				
Lease operating expenses	8,562	5,573	19,299	10,251
Production taxes	35,776	14,694	66,711	32,207
Gathering fees	8,766	6,980	18,764	13,473
Transportation charges	12,013	—	21,671	—
Depletion and depreciation	42,780	32,591	85,030	62,221
General and administrative	<u>4,449</u>	<u>3,421</u>	<u>8,794</u>	<u>6,639</u>
Total operating expenses	112,346	63,259	220,269	124,791
Operating income	181,775	67,613	344,989	162,657
<b>Other income (expense), net:</b>				
Interest expense	(4,543)	(4,221)	(9,814)	(6,921)
Interest income	<u>127</u>	<u>309</u>	<u>277</u>	<u>636</u>
Total other income (expense), net	(4,416)	(3,912)	(9,537)	(6,285)
Income before income tax provision	177,359	63,701	335,452	156,372
Income tax provision	<u>62,603</u>	<u>23,949</u>	<u>119,337</u>	<u>55,978</u>
Net income from continuing operations	114,756	39,752	216,115	100,394
Income from discontinued operations, net of tax	<u>482</u>	<u>9,317</u>	<u>415</u>	<u>15,266</u>
Net income	115,238	49,069	216,530	115,660
Retained earnings, beginning of period	989,112	691,375	887,820	624,784
Retained earnings, end of period	<u>\$1,104,350</u>	<u>\$740,444</u>	<u>\$1,104,350</u>	<u>\$740,444</u>
<b>Basic Earnings per Share:</b>				
Income per common share from continuing operations	<u>\$ 0.75</u>	<u>\$ 0.26</u>	<u>\$ 1.41</u>	<u>\$ 0.66</u>
Income per common share from discontinued operations	<u>\$ 0.00</u>	<u>\$ 0.06</u>	<u>\$ 0.00</u>	<u>\$ 0.10</u>
Net Income per common share	<u>\$ 0.75</u>	<u>\$ 0.32</u>	<u>\$ 1.41</u>	<u>\$ 0.76</u>
<b>Fully Diluted Earnings per Share:</b>				
Income per common share from continuing operations	<u>\$ 0.73</u>	<u>\$ 0.25</u>	<u>\$ 1.37</u>	<u>\$ 0.63</u>
Income per common share from discontinued operations	<u>\$ 0.00</u>	<u>\$ 0.06</u>	<u>\$ 0.00</u>	<u>\$ 0.10</u>
Net Income per common share	<u>\$ 0.73</u>	<u>\$ 0.31</u>	<u>\$ 1.37</u>	<u>\$ 0.73</u>
Weighted average common shares outstanding — basic	<u>153,061</u>	<u>152,022</u>	<u>152,781</u>	<u>151,975</u>
Weighted average common shares outstanding — fully diluted	<u>157,818</u>	<u>158,992</u>	<u>157,905</u>	<u>159,056</u>

See accompanying notes to consolidated financial statements.

**ULTRA PETROLEUM CORP.**  
**CONSOLIDATED BALANCE SHEETS**

	<u>June 30,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
	(Unaudited)	
	(Amounts in thousands of U.S. Dollars)	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 60,344	\$ 10,632
Restricted cash	2,624	2,590
Accounts receivable	177,409	135,849
Derivative assets	—	5,625
Inventory	6,733	13,333
Prepaid drilling costs and other current assets	2,290	424
Total current assets	<u>249,400</u>	<u>168,453</u>
<b>Oil and gas properties, net, using the full cost method of accounting</b>		
Proved	1,866,026	1,537,751
Unproved	36,622	36,778
Property, plant and equipment	4,846	4,739
Deferred financing costs, derivative assets and other	3,063	3,861
<b>Total assets</b>	<u><u>\$ 2,159,957</u></u>	<u><u>\$ 1,751,582</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 213,998	\$ 140,641
Derivative liabilities	54,065	—
Current taxes payable	—	10,839
Capital cost accrual	118,084	88,445
Total current liabilities	386,147	239,925
Long-term debt	300,000	290,000
Deferred income tax liability	376,524	341,406
Other long-term obligations	49,686	26,672
<b>Shareholders' equity</b>		
Share capital	(16,865)	20,050
Treasury stock	(4,142)	(59,245)
Retained earnings	1,104,350	887,820
Accumulated other comprehensive (loss) income	(35,743)	4,954
<b>Total shareholders' equity</b>	<u>1,047,600</u>	<u>853,579</u>
<b>Total liabilities and shareholders' equity</b>	<u><u>\$ 2,159,957</u></u>	<u><u>\$ 1,751,582</u></u>

See accompanying notes to consolidated financial statements.

**ULTRA PETROLEUM CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six Months Ended June 30,	
	2008	2007
	(Unaudited)	
	(Amounts in thousands of U.S. Dollars)	
Cash provided by (used in):		
<b>Operating activities:</b>		
Net income for the period	\$ 216,530	\$ 115,660
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations, net of tax provision of \$225 and \$8,220, respectively	(415)	(15,266)
Depletion and depreciation	85,030	62,221
Deferred income taxes	119,531	53,308
Excess tax benefit from stock based compensation	(62,627)	(11,548)
Stock compensation	2,755	2,736
Other	189	43
Net changes in non-cash working capital:		
Restricted cash	(34)	(1,207)
Accounts receivable	(41,560)	(14,654)
Prepaid drilling costs and other current and non-current assets	(1,702)	(1,006)
Accounts payable and accrued liabilities	71,124	42,729
Other long-term obligations	20,424	(1,748)
Current taxes payable	(10,839)	(2,150)
Net cash provided by operating activities from continuing operations	398,406	229,118
Net cash provided by operating activities from discontinued operations	—	9,522
Net cash provided by operating activities	398,406	238,640
<b>Investing activities:</b>		
Oil and gas property expenditures	(409,089)	(349,828)
Investing activities from discontinued operations	—	(10,960)
Post-closing adjustments on sale of subsidiary	640	—
Change in capital cost accrual	29,639	(9,752)
Inventory	6,600	5,837
Purchase of capital assets	(461)	(219)
Net cash used in investing activities	(372,671)	(364,922)
<b>Financing activities:</b>		
Borrowings on long-term debt	332,000	135,000
Payments on long-term debt	(322,000)	—
Deferred financing costs	(1,580)	(1,082)
Repurchased shares	(68,635)	(39,744)
Excess tax benefit from stock based compensation	62,627	11,548
Stock issued for compensation	4,934	—
Proceeds from exercise of options	16,631	4,867
Net cash provided by financing activities	23,977	110,589
Increase (decrease) in cash during the period	49,712	(15,693)
Cash and cash equivalents, beginning of period	10,632	14,574
Cash and cash equivalents, end of period	<u>\$ 60,344</u>	<u>\$ (1,119)</u>

See accompanying notes to consolidated financial statements.

**ULTRA PETROLEUM CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

(All dollar amounts in this Quarterly Report on Form 10-Q are expressed in Thousands of U.S. dollars (except per share data) unless otherwise noted)

**DESCRIPTION OF THE BUSINESS:**

Ultra Petroleum Corp. (the "Company") is an independent oil and gas company engaged in the acquisition, exploration, development, and production of oil and gas properties. The Company is incorporated under the laws of the Yukon Territory, Canada. The Company's principal business activities are conducted in the Green River Basin of Southwest Wyoming.

**1. SIGNIFICANT ACCOUNTING POLICIES:**

The accompanying financial statements, other than the balance sheet data as of December 31, 2007, are unaudited and were prepared from the Company's records. Balance sheet data as of December 31, 2007 was derived from the Company's audited financial statements, but does not include all disclosures required by U.S. generally accepted accounting principles. The Company's management believes that these financial statements include all adjustments necessary for a fair presentation of the Company's financial position and results of operations. All adjustments are of a normal and recurring nature unless specifically noted. The Company prepared these statements on a basis consistent with the Company's annual audited statements and Regulation S-X. Regulation S-X allows the Company to omit some of the footnote and policy disclosures required by generally accepted accounting principles and normally included in annual reports on Form 10-K. You should read these interim financial statements together with the financial statements, summary of significant accounting policies and notes to the Company's most recent annual report on Form 10-K.

(a) *Basis of presentation and principles of consolidation:* The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries UP Energy Corporation, Ultra Resources, Inc. and Sino-American Energy through the date of the sale of the China operations. The Company presents its financial statements in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). All inter-company transactions and balances have been eliminated upon consolidation.

(b) *Cash and cash equivalents:* We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(c) *Restricted cash:* Restricted cash represents cash received by the Company from production sold where the final division of ownership of the production is unknown or in dispute. Wyoming law requires that these funds be held in a federally insured bank in Wyoming.

(d) *Capital assets other than oil and gas properties:* Capital assets are recorded at cost and depreciated using the declining-balance method based on a seven-year useful life.

(e) *Oil and natural gas properties:* The Company uses the full cost method of accounting for exploration and development activities as defined by the Securities and Exchange Commission ("SEC"). Separate cost centers are maintained for each country in which the Company incurs costs. Under this method of accounting, the costs of unsuccessful, as well as successful, exploration and development activities are capitalized as oil and gas properties. This includes any internal costs that are directly related to exploration and development activities but does not include any costs related to production, general corporate overhead or similar activities. The carrying amount of oil and natural gas properties also includes estimated asset retirement costs recorded based on the fair value of the asset retirement obligation when incurred. Gain or loss on the sale or other disposition of oil and natural gas properties is not recognized, unless the gain or loss would significantly alter the relationship between capitalized costs and proved reserves of oil and natural gas attributable to a country.

The sum of net capitalized costs and estimated future development costs of oil and natural gas properties are amortized using the units-of-production method based on the proved reserves as determined by independent petroleum engineers. Oil and natural gas

reserves and production are converted into equivalent units based on relative energy content. Asset retirement obligations are included in the base costs for calculating depletion.

Oil and natural gas properties include costs that are excluded from capitalized costs being amortized. These amounts represent investments in unproved properties and major development projects. The Company excludes these costs until proved reserves are found or until it is determined that the costs are impaired. All costs excluded are reviewed, at least quarterly, to determine if impairment has occurred. The amount of any impairment is transferred to the capitalized costs being amortized (the depreciation, depletion and amortization (“DD&A”) pool).

Companies that use the full cost method of accounting for oil and natural gas exploration and development activities are required to perform a ceiling test calculation each quarter. The full cost ceiling test is an impairment test prescribed by SEC Regulation S-X Rule 4-10. The ceiling test is performed quarterly on a country-by-country basis utilizing prices in effect on the last day of the quarter. SEC regulation S-X Rule 4-10 states that if prices in effect at the end of a quarter are the result of a temporary decline and prices improve prior to the issuance of the financial statements, the increased price may be applied in the computation of the ceiling test. The ceiling limits such pooled costs to the aggregate of the present value of future net revenues attributable to proved crude oil and natural gas reserves discounted at 10% plus the lower of cost or market value of unproved properties less any associated tax effects. If such capitalized costs exceed the ceiling, the Company will record a write-down to the extent of such excess as a non-cash charge to earnings. Any such write-down will reduce earnings in the period of occurrence and result in lower DD&A expense in future periods. A write-down may not be reversed in future periods, even though higher oil and natural gas prices may subsequently increase the ceiling. The effect of implementing SFAS No. 143 had no effect on the ceiling test calculation as the future cash outflows associated with settling asset retirement obligations are excluded from this calculation.

(f) *Inventories:* Materials and supplies inventories are carried at the lower of current market value or cost. Inventory costs include expenditures and other charges directly and indirectly incurred in bringing the inventory to its existing condition and location. The Company uses the weighted average method of recording its inventory. Selling expenses and general and administrative expenses are reported as period costs and excluded from inventory cost. At June 30, 2008, drilling and completion supplies inventory of \$6.7 million primarily includes the cost of pipe and production equipment that will be utilized during the 2008 drilling program.

(g) *Forward natural gas sales transactions:* The Company primarily relies on fixed price physical delivery contracts, which are considered sales in the normal course of business, to manage its commodity price exposure. The Company, from time to time, also uses derivative instruments as a way to manage its exposure to commodity prices. (See Note 7).

(h) *Income taxes:* Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded related to deferred tax assets based on the “more likely than not” criteria of SFAS No. 109.

Effective January 1, 2007, we adopted FASB Interpretation No. 48 (“FIN 48”) which requires that we recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit.

(i) *Earnings per share:* Basic earnings per share is computed by dividing net earnings attributable to common stock by the weighted average number of common shares outstanding during each period. Diluted earnings per share is computed by adjusting the average number of common shares outstanding for the dilutive effect, if any, of common stock equivalents. The Company uses the treasury stock method to determine the dilutive effect.

The following table provides a reconciliation of the components of basic and diluted net income per common share:

	Three Months Ended		Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Net income from continuing operations	\$114,756	\$ 39,752	\$216,115	\$100,394
Net income from discontinued operations	\$ 482	\$ 9,317	\$ 415	\$ 15,266
Net income	<u>\$115,238</u>	<u>\$ 49,069</u>	<u>\$216,530</u>	<u>\$115,660</u>
Weighted average common shares outstanding during the period	153,061	152,022	152,781	151,975
Effect of dilutive instruments	<u>4,757</u>	<u>6,970</u>	<u>5,124</u>	<u>7,081</u>
Weighted average common shares outstanding during the period including the effects of dilutive instruments	<u>157,818</u>	<u>158,992</u>	<u>157,905</u>	<u>159,056</u>
<b>Basic Earnings per Share:</b>				
Income per common from continuing operations	<u>\$ 0.75</u>	<u>\$ 0.26</u>	<u>\$ 1.41</u>	<u>\$ 0.66</u>
Income per common from discontinued operations	<u>\$ 0.00</u>	<u>\$ 0.06</u>	<u>\$ 0.00</u>	<u>\$ 0.10</u>
Net income per common share	<u>\$ 0.75</u>	<u>\$ 0.32</u>	<u>\$ 1.41</u>	<u>\$ 0.76</u>
<b>Fully Diluted Earnings per Share:</b>				
Income per common from continuing operations	<u>\$ 0.73</u>	<u>\$ 0.25</u>	<u>\$ 1.37</u>	<u>\$ 0.63</u>
Income per common from discontinued operations	<u>\$ 0.00</u>	<u>\$ 0.06</u>	<u>\$ 0.00</u>	<u>\$ 0.10</u>
Net income per common share	<u>\$ 0.73</u>	<u>\$ 0.31</u>	<u>\$ 1.37</u>	<u>\$ 0.73</u>

(j) *Use of estimates:* Preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) *Accounting for share-based compensation:* The Company applies Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123R") which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options based on estimated fair values. Share-based compensation expense recognized under SFAS No. 123R for the six months ended June 30, 2008 and 2007 was \$2.8 million and \$2.7 million, respectively. See Note 4 for additional information.

(l) *Fair Value Accounting.* In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements. Accordingly, this statement does not require any new fair value measurements. The changes to current practice resulting from the application of this statement relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. The Company adopted SFAS No. 157 as of January 1, 2008. The implementation of SFAS No. 157 was applied prospectively for our assets and liabilities that are measured at fair value on a recurring basis, primarily our commodity derivatives, with no material impact on consolidated results of operations, financial position or liquidity. For those non-financial assets and liabilities measured or disclosed at fair value on a non-recurring basis, SFAS No. 157 is effective January 1, 2009. Implementation of this portion of the standard is not expected to have a material impact on consolidated results of operations, financial position or liquidity. See Note 9 for additional information.

(m) *Revenue Recognition.* Natural gas revenues are recorded based on the entitlement method. Under the entitlement method, revenue is recorded when title passes based on the Company's net interest. The Company initially records its entitled share of revenues based on estimated production volumes. Subsequently, these estimated volumes are adjusted to reflect actual volumes that are supported by third party pipeline statements or cash receipts. Since there is a ready market for natural gas, the Company sells the majority of its products immediately after production at various locations at which time title and risk of loss pass to the buyer. Gas imbalances occur when the Company sells more or less than its entitled ownership percentage of total gas production. Any amount received in excess of the Company's share is treated as a liability. If the Company receives less than its entitled share, the underproduction is recorded as a receivable.

(n) *Other Comprehensive Income:* Other comprehensive income is a term used to define revenues, expenses, gains and losses that under generally accepted accounting principles impact Shareholders' Equity, excluding transactions with shareholders.

	For the three months ended June 30,		For the six months ended June 30,	
	2008	2007	2008	2007
Net income	\$115,238	\$49,069	\$216,530	\$115,660
Unrealized gain (loss) on derivative instruments	(5,116)	3,028	(55,074)	3,028
Taxes benefit (expense) on unrealized gain (loss) on derivative instruments	1,796	(1,063)	19,331	(1,063)
Other comprehensive income	<u>\$111,918</u>	<u>\$51,034</u>	<u>\$180,787</u>	<u>\$117,625</u>

At June 30, 2008, the Company recorded a non-current asset of \$1.1 million, a current liability of \$54.1 million and a non-current liability of \$2.1 million associated with the derivative instruments included in other comprehensive income.

(o) *Reclassifications*: Certain amounts in the financial statements of the prior periods have been reclassified to conform to the current period financial statement presentation. (Refer to Note 8).

(p) *Impact of recently issued accounting pronouncements*: In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS No. 161"). This statement is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to increase transparency about the location and amounts of derivative instruments in an entity's financial statements; how derivative instruments and related hedged items are accounted for under SFAS No. 133; and how derivative instruments and related hedged items affect financial position, financial performance, and cash flows. SFAS No. 161 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2008. The Company does not anticipate that the implementation of SFAS No. 161 will have a material impact on the consolidated results of operations, financial position or liquidity.

## 2. OIL AND GAS PROPERTIES:

	June 30, 2008	December 31, 2007
<b>Developed Properties:</b>		
Acquisition, equipment, exploration, drilling and environmental costs	\$2,281,171	\$ 1,868,564
Less accumulated depletion, depreciation and amortization	(415,145)	(330,813)
	<u>1,866,026</u>	<u>1,537,751</u>
<b>Unproven Properties:</b>		
Acquisition and exploration costs	36,622	36,778
	<u>\$1,902,648</u>	<u>\$ 1,574,529</u>

## 3. LONG-TERM LIABILITIES:

	June 30, 2008	December 31, 2007
Bank indebtedness	\$ —	\$ 290,000
Senior notes, due 2015	100,000	—
Senior notes, due 2018	200,000	—
Other long-term obligations	49,686	26,672
	<u>\$349,686</u>	<u>\$ 316,672</u>

*Bank indebtedness*: The Company (through its subsidiary) is a party to a revolving credit facility with a syndicate of banks led by JP Morgan Chase Bank, N.A. which matures in April 2012. This agreement provides an initial loan commitment of \$500.0 million and may be increased to a maximum aggregate amount of \$750.0 million at the request of the Company. Each bank has the right, but not the obligation, to increase the amount of its commitment as requested by the Company. In the event the existing banks increase their commitment to an amount less than the requested commitment amount, then it would be necessary to add new financial institutions to the credit facility.

Loans under the credit facility are unsecured and bear interest, at our option, based on (A) a rate per annum equal to the higher of the prime rate or the weighted average fed funds rate on overnight transactions during the preceding business day plus 50 basis points, or (B) a base Eurodollar rate, substantially equal to the LIBOR rate, plus a margin based on a grid of our consolidated leverage ratio (87.5 basis points per annum as of June 30, 2008).

At June 30, 2008, we had no outstanding borrowings and \$500.0 million of available borrowing capacity under our credit facility.

The facility has restrictive covenants that include the maintenance of a ratio of consolidated funded debt to EBITDAX (earnings before interest, taxes, DD&A and exploration expense) not to exceed 3½ times; and as long as our debt rating is below investment grade, the maintenance of an annual ratio of the net present value of our oil and gas properties to total funded debt of at least 1.75 to 1.00. At June 30, 2008, we were in compliance with all of our debt covenants under our credit facility.

*Senior Notes, due 2015 and 2018:* On March 6, 2008, our wholly-owned subsidiary, Ultra Resources, Inc. issued \$300.0 million Senior Notes (“the Notes”) pursuant to a Master Note Purchase Agreement between the Company and the purchasers of the Notes. The Notes rank pari passu with the Company’s bank credit facility. Payment of the Notes is guaranteed by Ultra Petroleum Corp. and UP Energy Corporation. Of the Notes, \$200.0 million are 5.92% Senior Notes due 2018 and \$100.0 million are 5.45% Senior Notes due 2015.

Proceeds from the sale of the Notes were used to repay bank debt, but did not reduce the borrowings available to us under the revolving credit facility.

The Notes are pre-payable in whole or in part at any time. The Notes are subject to representations, warranties, covenants and events of default customary for a senior note financing. If payment default occurs, any Note holder may accelerate its Notes; if a non-payment default occurs, holders of 51% of the outstanding principal amount of the Notes may accelerate all the Notes. At June 30, 2008, we were in compliance with all of our debt covenants under the Notes.

*Other long-term obligations:* These costs primarily relate to the long-term portion of production taxes payable, a liability associated with imbalanced production, the long-term portion of costs associated with our compensation programs and our asset retirement obligations.

#### 4. SHARE BASED COMPENSATION:

##### *Valuation and Expense Information under SFAS 123R*

The following table summarizes share-based compensation expense under SFAS No. 123R for the six months ended June 30, 2008 and 2007, respectively, which was allocated as follows:

	<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
Total cost of share-based payment plans	\$4,866	\$4,649
Amounts capitalized in fixed assets	\$2,111	\$1,913
Amounts charged against income, before income tax benefit	\$2,755	\$2,736
Amount of related income tax benefit recognized in income	\$ 967	\$ 977

The fair value of each share option award is estimated on the date of grant using a Black-Scholes pricing model based on assumptions noted in the following table. The Company’s employee stock options have various restrictions including vesting provisions and restrictions on transfers and hedging, among others, and are often exercised prior to their contractual maturity. Expected volatilities used in the fair value estimate are based on historical volatility of the Company’s stock. The Company uses historical data to estimate share option exercises, expected term and employee departure behavior used in the Black-Scholes pricing model. Groups of employees (executives and non-executives) that have similar historical behavior are considered separately for purposes of determining the expected term used to estimate fair value. The assumptions utilized result from differing pre- and post-

vesting behaviors among executive and non-executive groups. The risk-free rate for periods within the contractual term of the share option is based on the U.S. Treasury yield curve in effect at the time of grant.

	Six Months Ended			
	June 30, 2008		June 30, 2007	
	Non-Executives	Executives	Non-Executives	Executives
Expected volatility	41.22 - 42.47%	42.5%	42.54 - 43.70%	44.40%
Expected dividends	0%	0%	0%	0%
Expected term (in years)	5.01 - 5.08	5.98	4.75 - 5.02	5.53
Risk free rate	2.48 - 3.41%	2.98%	4.52 - 5.07%	4.69%
Expected forfeiture rate	15.0%	15.0%	14.0%	14.0%

### ***Changes in Stock Options and Stock Options Outstanding***

The following table summarizes the changes in stock options for the six months ended June 30, 2008:

	Number of Options	Weighted Average Exercise Price (US\$)
Balance, December 31, 2007	7,589	\$0.25 to \$67.73
Granted	183	\$71.72 to \$87.59
Exercised	(2,325)	\$0.25 to \$67.73
Balance, June 30, 2008	5,447	\$0.25 to \$87.59

### **PERFORMANCE SHARE PLANS:**

*Long-Term Equity-Based Incentives.* In 2005, we adopted the Long Term Incentive Plan (“LTIP”) in order to further align the interests of key employees with shareholders and give key employees the opportunity to share in the long-term performance of the Company by achieving specific corporate financial and operational goals. Participants are recommended by the CEO and approved by the Compensation Committee. Selected officers, managers and other key employees are eligible to participate in the LTIP which has two components, an LTIP Stock Option Award and an LTIP Common Stock Award.

Under the LTIP, each year the Compensation Committee establishes a percentage of base salary for each participant which is multiplied by the participant’s base salary to derive an LTI Value (“Long Term Incentive Value”). With respect to LTIP Stock Option Awards, options are awarded equal to one half of the LTI Value based on the fair value on the date of grant (using Black-Scholes methodology).

The other half of the LTI Value is the “target” amount that may be awarded to the participant as an LTIP Common Stock Award at the end of a three year performance period. The Compensation Committee establishes performance measures at the beginning of each three year overlapping performance period. Each participant is also assigned threshold and maximum award levels in the event that performance is below or above target levels. Awards are expressed as dollar targets and become payable in common shares at the end of each performance period based on the Company’s overall performance during such period. A new three year period begins each January. Participants must be employed by the Company when an award is distributed in order to receive an award.

For the performance periods January 2006 — December 2008 (“2006 LTIP”), January 2007 — December 2009 (“2007 LTIP”), and January 2008 — 2010 (“2008 LTIP”), the Compensation Committee established the following performance measures: return on equity, reserve replacement ratio, and production growth.

For the six months ended June 30, 2008, the Company recognized \$0.3 million, \$0.4 million and \$0.3 million in pre-tax compensation expense related to the 2006 LTIP, 2007 LTIP and 2008 LTIP, respectively. For the six months ended June 30, 2007, the Company recognized \$0.3 million and \$0.3 million in pre-tax compensation expense related to the 2006 LTIP and 2007 LTIP, respectively. The amounts recognized during the first six months of 2008 and 2007 assume that maximum performance objectives are attained. If the Company ultimately attains maximum performance objectives, the associated total compensation cost, estimated at

June 30, 2008, for the three year performance periods would be approximately \$2.6 million, \$3.3 million and \$3.1 million (before taxes) related to the 2006 LTIP, 2007 LTIP and 2008 LTIP, respectively.

In 2008, the Company established the second performance period for the Best in Class program for all employees. The first performance period ended December 31, 2007 with the resulting payout in the second quarter of 2008. The Best in Class program recognizes and financially rewards the collective efforts of all of our employees in achieving sustained industry leading performance and the enhancement of shareholder value. Under the Best in Class program, on January 1, 2008 or the employment date if subsequent to January 1, 2008, all employees received a contingent award of stock units equal to \$60,000 worth of our common stock based on the average high and low share price on the date of grant. Employees joining the Company after January 1, 2008 will participate on a pro rata basis based on their length of employment during the performance period. The number of units that will vest and become payable is based on our performance relative to the industry during a three-year performance period beginning January 1, 2008, and ending December 31, 2010, and are set at threshold (50%), target (100%) and maximum (150%) levels. For each vested unit, the participant will receive one share of common stock. The performance measures are all sources finding and development cost and full cycle economics.

For the six months ended June 30, 2008, the Company recognized \$0.3 million in pre-tax compensation expense related to the Best in Class program. For the six months ended June 30, 2007, the Company recognized \$0.3 million in pre-tax compensation expense related to the first performance period of the Best in Class program. The amount recognized for the six months ended June 30, 2008 assumes that target performance levels are achieved. If the Company ultimately attains the target performance level, the associated total compensation cost will be approximately \$3.0 million before income taxes.

## 5. SHARE REPURCHASE PROGRAM:

On May 17, 2006, the Company announced that its Board of Directors authorized a share repurchase program for up to an aggregate \$1 billion of the Company's outstanding common stock which has been and will be funded by cash on hand and the Company's senior credit facility. Pursuant to this authorization, the Company has commenced a program to purchase up to \$500.0 million of the Company's outstanding shares through open market transactions or privately negotiated transactions. The stock repurchase will be funded with cash held in an Ultra Resources bank account or the Company's senior credit facility.

The following tables summarize the Company's share repurchases in total (open market repurchases plus net share settlements) as of June 30, 2008:

<b>TOTAL</b>	<b>Shares Purchased</b>	<b>Weighted Average Price per Share</b>	<b>\$ Value</b>
1st Quarter — 2008	397	\$ 75.25	\$ 29,829
2nd Quarter — 2008	452	\$ 85.97	\$ 38,807
Prior	5,694	\$ 51.73	\$294,549
May 2006 — June 30, 2008	6,543	\$ 55.52	\$363,185
<b>OPEN MARKET</b>	<b>Shares Purchased</b>	<b>Weighted Average Price per Share</b>	<b>\$ Value</b>
1st Quarter — 2008	214	\$ 75.53	\$ 16,139
2nd Quarter — 2008	210	\$ 84.13	\$ 17,643
Prior	5,401	\$ 51.19	\$276,442
May 2006 — June 30, 2008	5,825	\$ 53.27	\$310,224
<b>NET SHARE SETTLEMENTS</b>	<b>Shares Purchased</b>	<b>Weighted Average Price per Share</b>	<b>\$ Value</b>
1st Quarter — 2008	183	\$ 74.92	\$13,690
2nd Quarter — 2008	242	\$ 87.57	\$21,164
Prior	293	\$ 61.73	\$18,107
May 2006 — June 30, 2008	718	\$ 73.79	\$52,961

Subsequent to June 30, 2008 and through July 31, 2008, the Company has repurchased \$67.8 million of its outstanding common stock in open market repurchases or net share settlements.

## 6. INCOME TAXES:

The amount of unrecognized tax benefits did not materially change as of June 30, 2008. It is expected that the amount of unrecognized tax benefits may change in the next twelve months; however, Ultra does not expect the change to have a significant impact on the results of operations or the financial position of the Company. Interest expense or penalties recognized during the six months ended June 30, 2008 were immaterial.

Ultra's effective tax rate is 35.6% for the six months ended June 30, 2008 and 35.8% for the same period in 2007.

## 7. DERIVATIVE FINANCIAL INSTRUMENTS:

The Company's major market risk exposure is in the pricing applicable to its natural gas and oil production. Realized pricing is currently driven primarily by the prevailing price for the Company's Wyoming natural gas production. Historically, prices received for natural gas production have been volatile and unpredictable. Pricing volatility is expected to continue. Realized natural gas prices are derived from the financial statements which include the effects of hedging and natural gas balancing.

The Company primarily relies on fixed price forward gas sales to manage its commodity price exposure. These fixed price forward gas sales are considered normal sales. The Company, from time to time, also uses derivative instruments to manage its exposure to commodity prices. The Company has periodically entered into fixed price to index price swap agreements in order to hedge a portion of its natural gas production. The natural gas reference prices of these commodity derivative contracts are typically referenced to natural gas index prices as published by such publications as Inside FERC Gas Market Report. Under SFAS No. 133, all derivative instruments are recorded on the balance sheet at fair value. Changes in the derivative's fair value are recognized currently in earnings unless specific hedge accounting criteria are met. For qualifying cash flow hedges, the gain or loss on the derivative is deferred in accumulated other comprehensive income (loss) to the extent the hedge is effective. At June 30, 2008, all hedges were considered effective as the hedging instruments offset the change in the hedged transaction's cash flows for the risk being hedged. For qualifying fair value hedges, the gain or loss on the derivative is offset by related results of the hedged item in the income statement. Gains and losses on hedging instruments included in accumulated other comprehensive (loss) income are reclassified to oil and natural gas sales revenue in the period that the related production is delivered. Derivative contracts that do not qualify for hedge accounting treatment are recorded as derivative assets and liabilities at market value in the consolidated balance sheet, and the associated unrealized gains and losses are recorded as current expense or income in the consolidated statement of operations. The Company currently does not have any derivative contracts in place that do not qualify as cash flow hedges.

The Company also utilizes fixed price forward physical delivery contracts at southwest Wyoming delivery points to hedge its commodity price exposure. The Company had the following fixed price physical delivery contracts in place on behalf of its interest and those of other parties at June 30, 2008. (In November 2007, the Minerals Management Service commenced a Royalty-in-Kind program which had the effect of increasing the Company's average net interest in physical gas sales from 80% to approximately 91%.)

Remaining Contract Period	Volume- MMBTU/Day	Average Price/MMBTU
Calendar 2008	100,000	\$6.83
Summer 2008 (July — October)	20,000	\$6.88
Calendar 2009	10,000	\$7.51
Summer 2009 (April — October)	90,000	\$7.06

At June 30, 2008, the Company had the following open commodity derivative contracts to manage price risk on a portion of its natural gas production whereby the Company receives the fixed price and pays the variable price (all prices NWPL Rockies basis).

Type	Remaining Contract Period	Volume- MMBTU/ Day	Average Price/ MMBTU	Unrealized Loss (000's) at 6/30/2008*
Swap	July 2008 — Oct 2008	190,000	\$7.19	\$(40,801)
Swap	Jan 2009 — Dec 2009	30,000	\$7.35	\$(14,273)

\* Unrealized losses are not adjusted for income tax effect.

For the six months ended June 30, 2008, the Company recognized costs associated with financially settled swaps to counterparties totaling \$24.2 million as its net realization from hedging activities, which was recognized as a reduction of natural gas sales on the income statement.

## 8. DISCONTINUED OPERATIONS:

During the third quarter of 2007, we made the decision to dispose of Sino-American Energy Corporation, which owned our Bohai Bay assets in China, in order to focus on our legacy asset in the Pinedale Field in southwest Wyoming. The reserve volumes sold represent all of Ultra's international assets and, previously, were the only results included in our foreign operating segment.

On September 26, 2007, our wholly-owned subsidiary, UP Energy Corporation, a Nevada corporation, entered into a definitive share purchase agreement with an effective date of June 30, 2007 and a closing date of October 22, 2007 in order to sell all of the outstanding shares of Sino-American Energy Corporation ("Sino-American"), a Texas corporation, for a total purchase price of US\$223.0 million, subject to adjustments. The Company recorded results of operations for the China properties through the close date of October 22, 2007.

The Company has accounted for its Sino-American operations as discontinued operations and has reclassified prior period financial statements to exclude these businesses from continuing operations. A summary of financial information related to the Company's discontinued operations is as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
Operating revenues	\$ —	\$ 25,951	\$ —	\$ 45,568
Post closing adjustment on sale of subsidiary	743	—	640	—
Operating expenses	—	12,399	—	22,082
Income before income tax provision	743	13,552	640	23,486
Income tax provision	261	4,235	225	8,220
Income from discontinued operations, net of tax	\$ 482	\$ 9,317	\$ 415	\$ 15,266

## 9. FAIR VALUE MEASUREMENTS:

On September 15, 2006, the FASB issued SFAS No. 157, "Fair Value Measurement". We adopted SFAS No. 157 effective January 1, 2008. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a three level hierarchy for measuring fair value. The statement requires fair value measurements be classified and disclosed in one of the following categories:

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities that we have the ability to access at the measurement date.
- Level 2:** Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 include non-exchange traded derivatives such as over-the-counter forwards and swaps.
- Level 3:** Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability.

The valuation assumptions utilized to measure the fair value of the Company's cash flow hedges were observable inputs based on market data obtained from independent sources and are considered Level 2 inputs (quoted prices for similar assets, liabilities (adjusted) and market-corroborated inputs).

The following table presents for each hierarchy level our assets and liabilities, including both current and noncurrent portions, measured at fair value on a recurring basis, as of June 30, 2008:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
Derivatives	\$—	\$ 1,071	\$—	\$ 1,071
<b>Liabilities:</b>				
Derivatives	\$—	\$56,145	\$—	\$56,145

In consideration of counterparty credit risk, the Company assessed the possibility of whether each counterparty to the derivative would default by failing to make any contractually required payments as scheduled in the derivative instrument in determining the fair value. The derivative transactions are placed with major financial institutions or with counterparties of high credit quality that present minimal credit risks to the Company. Additionally, the Company considers that it is of substantial credit quality and has the financial resources and willingness to meet its potential repayment obligations associated with the derivative transactions.

## 10. LEGAL PROCEEDINGS:

The Company is currently involved in various routine disputes and allegations incidental to its business operations. While it is not possible to determine the ultimate disposition of these matters, the Company believes that the resolution of all such pending or threatened litigation is not likely to have a material adverse effect on the Company's financial position or results of operations.

## **ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion of the financial condition and operating results of the Company should be read in conjunction with the consolidated financial statements and related notes of the Company. Except as otherwise indicated all amounts are expressed in U.S. Dollars. We operate in one industry segment, natural gas and oil exploration and development with one geographical segment; the United States. (See Note 8 for a discussion regarding the sale of our Chinese assets).

The Company currently generates substantially all of its revenue, earnings and cash from the production and sales of natural gas and oil from its property in southwest Wyoming. The price of natural gas in the southwest Wyoming region is a critical factor to the Company's business. The price of gas in southwest Wyoming historically has been volatile. The average realizations for the period 2003-2008 have ranged from \$2.33 to \$8.64 per Mcf. This volatility could be detrimental to the Company's financial performance. The Company seeks to limit the impact of this volatility on its results by entering into fixed price forward physical delivery contracts

and swap agreements for gas in southwest Wyoming. During the quarter ended June 30, 2008, the average price realization for the Company's natural gas was \$8.06 per Mcf, including the effects of hedging. The Company's average price realization for natural gas was \$8.80 per Mcf, excluding the effects of hedging.

The Company has grown its natural gas and oil production significantly over the past three years and management believes it has the ability to continue growing production by drilling already identified locations on its leases in Wyoming. The Company delivered 23% production growth from continuing operations on an Mcfe basis during the quarter ended June 30, 2008 as compared to the same quarter in 2007.

*Rockies Express Pipeline.* In December 2005, the Company agreed to become an anchor shipper on the Rockies Express Pipeline ("REX") securing pipeline infrastructure providing sufficient capacity to transport a portion of its natural gas production away from southwest Wyoming and to provide for reasonable basis differentials for its natural gas in the future. The Company's commitment involves capacity of 200,000 MMBtu per day of natural gas for a term of 10 years (beginning in the first quarter of 2008), and the Company is obligated to pay REX certain demand charges related to its rights to hold this firm transportation capacity as an anchor shipper. The pipeline will be completed in two (2) phases: REX — West (Wyoming to Missouri) and REX — East (Missouri to Ohio).

During the quarter ended June 30, 2008, the REX — West pipeline was extended from the ANR delivery point in Brown County, Kansas to the Panhandle Eastern Pipeline system at Audrain County, Missouri and placed into service. With the completion of this segment, the Company is able to deliver its firm capacity of 200,000 MMBtu per day of natural gas from Wyoming to markets in the mid-west.

On May 30, 2008, the FERC issued a Certificate of Public Convenience and Necessity for the REX — East project. Kinder Morgan, the managing member of REX, has indicated that the current schedule anticipates REX — East to be operational by the end of 2008 to pipeline interconnections near Lebanon, Ohio. Kinder Morgan has further advised that, when fully completed, (estimated to be Mid-Year 2009) the REX — East pipeline will provide up to 1.8 Bcf per day of natural gas transportation capacity from the Rockies to Clarington, Ohio.

*Discontinued Operations.* On September 27, 2007, the Company announced the execution of a stock purchase agreement for the sale of Sino-American Energy Corporation which represents all of Ultra's interest in Bohai Bay, China for \$223 million. Despite having owned Sino-American in the first half of 2007, under generally accepted accounting principles ("GAAP"), its operations have been reclassified as "Discontinued Operations" for the entire quarter. As a result, production, revenues and expenses associated with Sino-American have been removed from continuing operations and reclassified to discontinued operations. The sale closed on October 22, 2007, with an effective date of June 30, 2007.

*Fair Value Measurements.* The Company adopted SFAS No. 157 as of January 1, 2008. The implementation of SFAS No. 157 was applied prospectively for our assets and liabilities that are measured at fair value on a recurring basis, primarily our commodity derivatives, with no material impact on consolidated results of operations, financial position or liquidity. See Note 9 for additional information.

SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date and establishes a three level hierarchy for measuring fair value. The valuation assumptions utilized to measure the fair value of the Company's cash flow hedges were observable inputs based on market data obtained from independent sources and are considered Level 2 inputs (quoted prices for similar assets, liabilities (adjusted) and market-corroborated inputs). In consideration of counterparty credit risk, the Company assessed the possibility of whether each counterparty to the derivative would default by failing to make any contractually required payments as scheduled in the derivative instrument in determining the fair value. The derivative transactions are placed with major financial institutions or with counter-parties of high credit quality, which in the Company's opinion, present minimal credit risks to the Company. Additionally, the Company considers that it is of substantial credit quality and has the financial resources and willingness to meet its potential repayment obligations associated with the derivative transactions.

The fair values summarized below were determined in accordance with the requirements of SFAS No. 157. In addition, we aligned the categories below with the Level 1, 2, and 3 fair value measurements as defined by SFAS No. 157. The balance of net unrealized gains and losses recognized for our energy-related derivative instruments at June 30, 2008 is summarized in the following table based on the inputs used to determine fair value:

	<u>Level 1(a)</u>	<u>Level 2(b)</u>	<u>Level 3(c)</u>	<u>Total</u>
<b>Assets:</b>				
Derivatives	\$—	\$ 1,071	\$—	\$ 1,071
<b>Liabilities:</b>				
Derivatives	\$—	\$56,145	\$—	\$56,145

- (a) Values represent observable unadjusted quoted prices for traded instruments in active markets.  
(b) Values with inputs that are observable directly or indirectly for the instrument, but do not qualify for Level 1.  
(c) Values with a significant amount of inputs that are not observable for the instrument.

*Share-Based Payment Arrangements.* The Company applies Statement of Financial Accounting Standards No. 123 (revised 2004), “Share-Based Payment” (“SFAS No. 123R”) which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors, including employee stock options, based on estimated fair values. Share-based compensation expense recognized under SFAS No. 123R for the six months ended June 30, 2008 and 2007 was \$2.8 million and \$2.7 million, respectively. At June 30, 2008, there was \$11.2 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under stock option plans. That cost is expected to be recognized over a weighted average period of 1.9 years. See Note 4 for additional information.

SFAS No. 123R requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The Company utilized a Black-Scholes option pricing model to measure the fair value of stock options granted to employees. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company’s Consolidated Statement of Operations. The Company’s determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company’s stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the Company’s expected stock price volatility over the term of the awards and actual and projected employee stock option exercise behaviors.

*Full Cost Method of Accounting.* The Company uses the full cost method of accounting for oil and gas operations whereby all costs associated with the exploration for and development of oil and gas reserves are capitalized on a country-by-country basis. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells and overhead charges directly related to acquisition, exploration and development activities. Substantially all of the oil and gas activities are conducted jointly with others and, accordingly, the amounts reflect only the Company’s proportionate interest in such activities. Inflation has not had a material impact on the Company’s results of operations and is not expected to have a material impact on the Company’s results of operations in the future.

Companies that use the full cost method of accounting for oil and natural gas exploration and development activities are required to perform a ceiling test calculation each quarter. The full cost ceiling test is an impairment test prescribed by SEC Regulation S-X Rule 4-10. The ceiling test is performed quarterly on a country-by-country basis utilizing prices in effect on the last day of the quarter. SEC regulation S-X Rule 4-10 states that if prices in effect at the end of a quarter are the result of a temporary decline and prices improve prior to the issuance of the financial statements, the increased price may be applied in the computation of the ceiling test. The ceiling limits such pooled costs to the aggregate of the present value of future net revenues attributable to proved crude oil and natural gas reserves discounted at 10% plus the lower of cost or market value of unproved properties less any associated tax effects. If such capitalized costs exceed the ceiling, the Company will record a write-down to the extent of such excess as a non-cash charge to earnings. Any such write-down will reduce earnings in the period of occurrence and result in lower DD&A expense in future periods.

A write-down may not be reversed in future periods, even though higher oil and natural gas prices may subsequently increase the ceiling.

## RESULTS OF OPERATIONS

### *QUARTER ENDED JUNE 30, 2008 VS. QUARTER ENDED JUNE 30, 2007*

During the second quarter of 2008, production from continuing operations increased 23% on a gas equivalent basis to 34.3 Bcfe from 27.9 Bcfe for the same quarter in 2007 attributable to the Company's successful drilling activities during 2007 and in the first six months of 2008. Realized natural gas prices, including the effect of hedging, increased 84% to \$8.06 per Mcf in the second quarter of 2008 as compared to \$4.38 for the second quarter of 2007. The increase in realized average natural gas prices together with the increase in production contributed to a 125% increase in revenues from continuing operations to \$294.1 million as compared to \$130.9 million in 2007.

Lease operating expense ("LOE") increased to \$8.6 million at June 30, 2008 compared to \$5.6 million at June 30, 2007 due primarily to increased production volumes. On a unit of production basis, LOE costs increased to \$0.25 per Mcfe at June 30, 2008 compared to \$0.20 per Mcfe at June 30, 2007 mainly due to costs related to non-operated properties for water disposal expenses.

During the second quarter of 2008, production taxes were \$35.8 million compared to \$14.7 million during the second quarter of 2007, or \$1.04 per Mcfe (12.2% of revenues), compared to \$0.53 per Mcfe (11.2% of revenues). The increase in per unit taxes is attributable to increased sales revenues as a result of increased production and higher realized gas prices received during the quarter ended June 30, 2008 as compared to the same period in 2007. Production taxes are calculated based on a percentage of revenue from production. Therefore, higher prices received increased production taxes on a per unit basis.

Gathering fees increased to \$8.8 million at June 30, 2008 compared to \$7.0 million at June 30, 2007 largely due to increased production volumes. On a per unit basis, gathering fees remained relatively flat at \$0.26 per Mcfe for the three months ended June 30, 2008 as compared to \$0.25 per Mcfe for the same period in 2007.

To secure pipeline infrastructure providing sufficient capacity to transport a portion of the Company's natural gas production away from southwest Wyoming and to provide for reasonable basis differentials for its natural gas, the Company incurred transportation demand charges totaling \$12.0 million for the quarter ended June 30, 2008 in association with REX Pipeline demand charges.

Depletion, depreciation and amortization ("DD&A") expenses increased to \$42.8 million during the quarter ended June 30, 2008 from \$32.6 million for the same period in 2007, attributable to increased production volumes and a higher depletion rate, due mainly to increased development costs. On a unit basis, DD&A increased to \$1.25 per Mcfe at June 30, 2008 from \$1.17 at June 30, 2007.

General and administrative expenses increased to \$4.4 million (\$0.13 per Mcfe) at June 30, 2008 compared to \$3.4 million (\$0.12 per Mcfe) for the same period in 2007. The increase in general and administrative expenses during 2008 is primarily attributable to increased Medicare taxes as a result of increased employee stock option exercises during the quarter months ended June 30, 2008.

Interest expense remained relatively flat at \$4.5 million during the quarter ended June 30, 2008 compared to \$4.2 million during the same period in 2007. At June 30, 2008 and 2007, the Company had \$300.0 million in borrowings outstanding.

Net income before income taxes increased to \$177.4 million for the quarter ended June 30, 2008 from \$63.7 million for the same period in 2007 primarily as a result of increased natural gas prices and increased production during the quarter ended June 30, 2008.

The income tax provision increased to \$62.6 million for the three months ended June 30, 2008 as compared to \$23.9 million for the three months ended June 30, 2007 due to higher pre-tax income.

Income from discontinued operations, net of tax, (which is comprised entirely of results associated with the Chinese assets) decreased to \$0.5 million for the quarter ended June 30, 2008 from \$9.3 million for the same period in 2007. The sale closed on October 22, 2007. See Note 8 for additional information.

For the quarter ended June 30, 2008, net income increased to \$115.2 million or \$0.73 per diluted share as compared with \$49.1 million or \$0.31 per diluted share for the same period in 2007 primarily attributable to increased gas prices realized in 2008 as well as increased natural gas production.

***SIX MONTHS ENDED JUNE 30, 2008 VS. SIX MONTHS ENDED JUNE 30, 2007***

During the six months ended June 30, 2008, production from continuing operations increased 27% on a gas equivalent basis to 68.4 Bcfe from 53.9 Bcfe for the same period in 2007 attributable to the Company's successful drilling activities during 2007 and in the first six months of 2008. Realized natural gas prices, including the effect of hedging, increased 53% to \$7.86 per Mcf for the six months ended June 30, 2008 as compared to \$5.13 for the same period in 2007. The increase in realized average natural gas prices together with the increase in production contributed to a 97% increase in revenues from continuing operations to \$565.3 million as compared to \$287.4 million in 2007.

LOE increased to \$19.3 million at June 30, 2008 compared to \$10.3 million at June 30, 2007 due primarily to increased production volumes. On a unit of production basis, LOE costs increased to \$0.28 per Mcfe at June 30, 2008 compared to \$0.19 per Mcfe at June 30, 2007 mainly due to costs related to non-operated properties for water disposal expenses.

During the first half of 2008, production taxes were \$66.7 million compared to \$32.2 million during the same period of 2007, or \$0.98 per Mcfe (11.8% of revenues), compared to \$0.60 per Mcfe (11.2% of revenues). The increase in per unit taxes is attributable to increased sales revenues as a result of increased production and higher realized gas prices received during the six months ended June 30, 2008 as compared to the same period in 2007. Production taxes are calculated based on a percentage of revenue from production. Therefore, higher prices received increased production taxes on a per unit basis.

Gathering fees increased to \$18.8 million at June 30, 2008 compared to \$13.5 million at June 30, 2007 largely due to increased production volumes. On a per unit basis, gathering fees increased to \$0.27 per Mcfe for the six months ended June 30, 2008 as compared to \$0.25 per Mcfe for the same period in 2007.

To secure pipeline infrastructure providing sufficient capacity to transport a portion of the Company's natural gas production away from southwest Wyoming and to provide for reasonable basis differentials for its natural gas, the Company incurred transportation demand charges totaling \$21.7 million for the six months ended June 30, 2008 in association with the REX Pipeline demand charges.

DD&A expenses increased to \$85.0 million during the six months ended June 30, 2008 from \$62.2 million for the same period in 2007, attributable to increased production volumes and a higher depletion rate, due mainly to increased development costs. On a unit basis, DD&A increased to \$1.24 per Mcfe at June 30, 2008 from \$1.15 at June 30, 2007.

General and administrative expenses increased to \$8.8 million (\$0.13 per Mcfe) at June 30, 2008 compared to \$6.6 million (\$0.12 per Mcfe) for the same period in 2007. The increase in general and administrative expenses during 2008 is primarily attributable to increased Medicare taxes as a result of increased employee stock option exercises during the six months ended June 30, 2008.

Interest expense increased to \$9.8 million during the six months ended June 30, 2008 from \$6.9 million during the same period in 2007. The increase is related to higher average outstanding debt balances during the period ended June 30, 2008 as compared to the same period in 2007. At June 30, 2008 and 2007, the Company had \$300.0 million in borrowings outstanding.

Net income before income taxes increased to \$335.5 million for the six months ended June 30, 2008 from \$156.4 million for the same period in 2007 primarily as a result of increased natural gas prices and increased production during the six months ended June 30, 2008.

The income tax provision increased to \$119.3 million for the six months ended June 30, 2008 as compared to \$56.0 million for the six months ended June 30, 2007 due to higher pre-tax income.

Income from discontinued operations, net of tax, (which is comprised entirely of results associated with the Chinese assets) decreased to \$0.4 million for the six months ended June 30, 2008 from \$15.3 million for the same period in 2007. The sale closed on October 22, 2007. See Note 8 for additional information.

For the six months ended June 30, 2008, net income increased to \$216.5 million or \$1.37 per diluted share as compared with \$115.7 million or \$0.73 per diluted share for the same period in 2007 primarily attributable to increased gas prices realized in 2008 as well as increased natural gas production.

The discussion and analysis of the Company's financial condition and results of operations is based upon consolidated financial statements, which have been prepared in accordance with U.S. GAAP. In addition, application of generally accepted accounting principles requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the revenues and expenses reported during the period. Changes in these estimates, judgments and assumptions will occur as a result of future events, and, accordingly, actual results could differ from amounts estimated.

## LIQUIDITY AND CAPITAL RESOURCES

During the six month period ended June 30, 2008, the Company relied on cash provided by operations along with borrowings under the senior credit facility and the issuance of the Notes to finance its capital expenditures. The Company participated in the drilling of 190 wells in Wyoming. For the six month period ended June 30, 2008, net capital expenditures were \$409.1 million. At June 30, 2008, the Company reported a cash position of \$60.3 million compared to a cash deficit of \$1.1 million at June 30, 2007. Working capital at June 30, 2008 was a deficit of \$136.7 million compared to working capital of \$34.1 million at June 30, 2007. As of June 30, 2008, the Company had no bank indebtedness outstanding and \$500.0 million of available borrowing capacity under its facility. Other long-term obligations of \$49.7 million at June 30, 2008 is comprised of items payable in more than one year, primarily related to production taxes.

The Company's positive cash provided by operating activities, along with availability under the senior credit facility, are projected to be sufficient to fund the Company's budgeted capital expenditures for 2008, which are currently projected to be \$945.0 million. Of the \$945.0 million budget, the Company plans to allocate approximately 97% to Wyoming and 3% to Pennsylvania.

*Bank indebtedness.* The Company (through its subsidiary) is a party to a revolving credit facility with a syndicate of banks led by JP Morgan Chase Bank, N.A. which matures in April 2012. This agreement provides an initial loan commitment of \$500.0 million and may be increased to a maximum aggregate amount of \$750.0 million at the request of the Company. Each bank has the right, but not the obligation, to increase the amount of its commitment as requested by the Company. In the event the existing banks increase their commitment to an amount less than the requested commitment amount, then it would be necessary to add new financial institutions to the credit facility.

Loans under the credit facility are unsecured and bear interest, at our option, based on (A) a rate per annum equal to the higher of the prime rate or the weighted average fed funds rate on overnight transactions during the preceding business day plus 50 basis points, or (B) a base Eurodollar rate, substantially equal to the LIBOR rate, plus a margin based on a grid of our consolidated leverage ratio (87.5 basis points per annum as of June 30, 2008).

The facility has restrictive covenants that include the maintenance of a ratio of consolidated funded debt to EBITDAX (earnings before interest, taxes, DD&A and exploration expense) not to exceed 3½ times; and as long as our debt rating is below investment grade, the maintenance of an annual ratio of the net present value of our oil and gas properties to total funded debt of at least 1.75 to 1.00. At June 30, 2008, we were in compliance with all of our debt covenants under our credit facility.

*Senior Notes, due 2015 and 2018:* On March 6, 2008, our wholly-owned subsidiary, Ultra Resources, Inc. issued \$300.0 million Senior Notes pursuant to a Master Note Purchase Agreement between the Company and the purchasers of the Notes. The Notes rank pari passu with the Company's bank credit facility. Payment of the Notes is guaranteed by Ultra Petroleum Corp. and UP Energy Corporation. Of the Notes, \$200.0 million are 5.92% Senior Notes due 2018 and \$100.0 million are 5.45% Senior Notes due 2015.

Proceeds from the sale of the Notes were used to repay bank debt, but did not reduce the borrowing available to us under our revolving credit facility.

The Notes are pre-payable in whole or in part at any time. The Notes are subject to representations, warranties, covenants and events of default customary for a senior note financing. If payment default occurs, any Note holder may accelerate its Notes; if a non-

payment default occurs, holders of 51% of the outstanding principal amount of the Notes may accelerate all the Notes. At June 30, 2008, we were in compliance with all of our debt covenants under the Notes.

*Operating Activities.* During the six months ended June 30, 2008, net cash provided by operating activities was \$398.4 million, a 67% increase over the \$238.6 million for the same period in 2007. The increase in net cash provided by operating activities was largely attributable to the increase in production and realized natural gas prices during the six months ended June 30, 2008 as compared to the same period in 2007.

*Investing Activities.* During the six months ended June 30, 2008, net cash used in investing activities was \$372.7 million as compared to \$364.9 million for the same period in 2007. The increase in net cash used in investing activities is largely due to increased capital expenditures associated with the Company's drilling activities in 2008.

*Financing Activities.* During the six months ended June 30, 2008, net cash provided by financing activities was \$24.0 million as compared to \$110.6 million for the same period in 2007. The decrease in cash provided by net financing activities is primarily attributable to decreased net borrowings during the six months ended June 30, 2008 as compared to the same period in 2007.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company did not have any off-balance sheet arrangements as of June 30, 2008.

## **CAUTIONARY STATEMENT PURSUANT TO SAFE HARBOR PROVISION OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

This report contains or incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this document, including without limitation, statements in Management's Discussion and Analysis of Financial Condition and Results of Operations regarding our financial position, estimated quantities and net present values of reserves, business strategy, plans and objectives of the Company's management for future operations, covenant compliance and those statements preceded by, followed by or that otherwise include the words "believe", "expects", "anticipates", "intends", "estimates", "projects", "target", "goal", "plans", "objective", "should", or similar expressions or variations on such expressions are forward-looking statements. The Company can give no assurances that the assumptions upon which such forward-looking statements are based will prove to be correct nor can the Company assure adequate funding will be available to execute the Company's planned future capital program.

Other risks and uncertainties include, but are not limited to, fluctuations in the price the Company receives for oil and gas production, reductions in the quantity of oil and gas sold due to increased industry-wide demand and/or curtailments in production from specific properties due to mechanical, marketing or other problems, operating and capital expenditures that are either significantly higher or lower than anticipated because the actual cost of identified projects varied from original estimates and/or from the number of exploration and development opportunities being greater or fewer than currently anticipated and increased financing costs due to a significant increase in interest rates. See the Company's annual report on Form 10-K for the year ended December 31, 2007 for additional risks related to the Company's business.

## **ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company's major market risk exposure is in the pricing applicable to its natural gas production. Realized pricing is currently driven primarily by the prevailing price for the Company's Wyoming natural gas production. Historically, prices received for natural gas production have been volatile and unpredictable. Pricing volatility is expected to continue. Realized natural gas prices are derived from the financial statements which include the effects of hedging and natural gas balancing.

The Company primarily relies on fixed price forward gas sales to manage its commodity price exposure. These fixed price forward gas sales are considered normal sales. The Company, from time to time, also uses derivative instruments to manage its exposure to commodity prices. The Company has periodically entered into fixed price to index price swap agreements in order to hedge a portion of its natural gas production. The natural gas reference prices of these commodity derivative contracts are typically referenced to natural gas index prices as published by such publications as Inside FERC Gas Market Report. Under SFAS No. 133, all derivative

instruments are recorded on the balance sheet at fair value. Changes in the derivative's fair value are recognized currently in earnings unless specific hedge accounting criteria are met. For qualifying cash flow hedges, the gain or loss on the derivative is deferred in accumulated other comprehensive income (loss) to the extent the hedge is effective. At June 30, 2008, all hedges were considered effective as the hedging instruments offset the change in the hedged transaction's cash flows for the risk being hedged. For qualifying fair value hedges, the gain or loss on the derivative is offset by related results of the hedged item in the income statement. Gains and losses on hedging instruments included in accumulated other comprehensive (loss) income are reclassified to oil and natural gas sales revenue in the period that the related production is delivered. Derivative contracts that do not qualify for hedge accounting treatment are recorded as derivative assets and liabilities at market value in the consolidated balance sheet, and the associated unrealized gains and losses are recorded as current expense or income in the consolidated statement of operations. The Company currently does not have any derivative contracts in place that do not qualify as cash flow hedges.

On September 15, 2006, the FASB issued SFAS No. 157, "Fair Value Measurement". SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date and establishes a three level hierarchy for measuring fair value. The valuation assumptions utilized to measure the fair value of the Company's cash flow hedges were observable inputs based on market data obtained from independent sources and are considered Level 2 inputs (quoted prices for similar assets, liabilities (adjusted) and market-corroborated inputs). In consideration of counterparty credit risk, the Company assessed the possibility of whether each counterparty to the derivative would default by failing to make any contractually required payments as scheduled in the derivative instrument in determining the fair value. The derivative transactions are placed with major financial institutions or with counterparties of high credit quality that present minimal credit risks to the Company. Additionally, the Company considers that it is of substantial credit quality and has the financial resources and willingness to meet its potential repayment obligations associated with the derivative transactions.

The Company also utilizes fixed price forward physical delivery contracts at southwest Wyoming delivery points to hedge its commodity price exposure. The Company had the following fixed price physical delivery contracts in place on behalf of its interest and those of other parties at June 30, 2008. (In November 2007, the Minerals Management Service commenced a Royalty-in-Kind program which had the effect of increasing the Company's average net interest in physical gas sales from 80% to approximately 91%.)

Remaining Contract Period	Volume- MMBTU/Day	Average Price/MMBTU
Calendar 2008	100,000	\$6.83
Summer 2008 (July — October)	20,000	\$6.88
Calendar 2009	10,000	\$7.51
Summer 2009 (April — October)	90,000	\$7.06

At June 30, 2008, the Company had the following open commodity derivative contracts to manage price risk on a portion of its natural gas production whereby the Company receives the fixed price and pays the variable price (all prices NWPL Rockies basis).

Type	Remaining Contract Period	Volume- MMBTU/ Day	Average Price/ MMBTU	Unrealized Loss (000's) at 6/30/2008*
Swap	July 2008 — Oct 2008	190,000	\$7.19	\$(40,801)
Swap	Jan 2009 — Dec 2009	30,000	\$7.35	\$(14,273)

\* Unrealized losses are not adjusted for income tax effect.

For the six months ended June 30, 2008, the Company recognized costs associated with financially settled swaps to counterparties totaling \$24.2 million as its net realization from hedging activities, which was recognized as a reduction of natural gas sales on the income statement.

#### **ITEM 4 — CONTROLS AND PROCEDURES**

##### **(a) Evaluation of Disclosure Controls and Procedures**

We have performed an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”). Our disclosure controls and procedures are the controls and other procedures that we have designed to ensure that we record, process, accumulate and communicate information to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures and submissions within the time periods specified in the SEC’s rules and forms. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those determined to be effective can provide only a reasonable assurance with respect to financial statement preparation and presentation. Based on the evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of June 30, 2008. There were no changes in our internal control over financial reporting during the six months ended June 30, 2008 that have materially affected or are reasonably likely to affect, our internal control over financial reporting.

## **PART II — OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

The Company is currently involved in various routine disputes and allegations incidental to its business operations. While it is not possible to determine the ultimate disposition of these matters, the Company believes that the resolution of all such pending or threatened litigation is not likely to have a material adverse effect on the Company’s financial position, or results of operations.

### **ITEM 1A. RISK FACTORS**

There have been no material changes with respect to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

### **ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS**

On May 17, 2006, the Company announced that its Board of Directors authorized a share repurchase program for up to an aggregate of \$1 billion of the Company’s outstanding common stock which has been and will be funded by cash on hand and borrowings under the Company’s senior credit facility. Pursuant to this authorization, the Company has commenced a program to purchase up to \$500.0 million of the Company’s outstanding shares through open market transactions or privately negotiated transactions. (See Note 5 for further details).

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares That May Yet be Purchased Under the Plans or Programs</u>
Jan 1 — Jan 31, 2008	96,321	\$ 71.57	96,321	\$699 million
Feb 1 — Feb 28, 2008	71,281	\$ 79.04	71,281	\$693 million
Mar 1 — Mar 31, 2008	228,830	\$ 75.61	228,830	\$676 million
Apr 1 — Apr 30, 2008	223,559	\$ 79.51	223,559	\$658 million
May 1 — May 31, 2008	45,668	\$ 90.07	45,668	\$654 million
Jun 1 — Jun 30, 2008	182,153	\$ 92.88	182,153	\$637 million
<b>TOTAL</b>	<b>847,812</b>	<b>\$ 80.96</b>	<b>847,812</b>	<b>\$637 million</b>

Subsequent to June 30, 2008 and through July 31, 2008, the Company has repurchased \$67.8 million of its outstanding common stock in open market repurchases or net share settlements.

### **ITEM 3. DEFAULTS IN SENIOR SECURITIES**

None.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF THE SECURITY HOLDERS**

The Company held its annual meeting on May 16, 2008. At the annual meeting, the entire board of directors of the Company was elected. The votes cast for each of the directors proposed by the Company's definitive proxy statement on Schedule 14A was as follows:

Michael D. Watford	– 134,031,245 voted in favor, zero voted against and 839,676 withheld.
W. Charles Helton	– 134,499,794 voted in favor, zero voted against and 371,127 withheld.
Stephen J. McDaniel	– 133,826,892 voted in favor, zero voted against and 1,044,029 withheld.
Roger A. Brown	– 133,828,182 voted in favor, zero voted against and 1,042,739 withheld.
Robert E. Rigney	– 134,542,847 voted in favor, zero voted against and 328,074 withheld.

The shareholders of the Company approved the appointment of Ernst & Young, LLP as the Company's independent auditors for 2008. There were 134,582,266 votes in favor of approval of the appointment of Ernst & Young, LLP as the Company's auditors, zero votes against and 288,654 votes withheld.

The shareholders of the Company voted against the shareholder proposal regarding climate change with 67,584,431 votes against, 38,958,528 votes in favor of the proposal and 28,327,962 Broker Non-votes.

A total of 134,870,921 shares were voted by 221 shareholders, representing 88% of the Company's outstanding shares.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K -**

*(a) Exhibits*

- 3.1 Articles of Incorporation of Ultra Petroleum Corp. — (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10Q for the period ended June 30, 2001.)
- 3.2 By-Laws of Ultra Petroleum Corp-(incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10Q for the period ended June 30, 2001.)
- 3.3 Articles of Amendment to Articles of Incorporation of Ultra Petroleum Corp. (incorporated by reference to Exhibit 3.3 of the Company's Report on Form 10-K/A for the period ended December 31, 2005)
- 4.1 Specimen Common Share Certificate — (incorporated by reference to Exhibit 4.1 of the Company's Quarterly Report on Form 10Q for the period ended June 30, 2001.)
- 10.1 Master Note Purchase Agreement dated March 6, 2008 (incorporated by reference to Exhibit 10.1 of the Company's Report on Form 8-K filed on March 6, 2008).
- 31.1\* Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2\* Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1\* Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2\* Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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\* filed herewith

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ULTRA PETROLEUM CORP.

By: /s/ Michael D. Watford

Name: Michael D. Watford

Title: Chairman, President and Chief Executive Officer

Date: August 6, 2008

By: /s/ Marshall D. Smith

Name: Marshall D. Smith

Title: Chief Financial Officer

Date: August 6, 2008

## EXHIBIT INDEX

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\* filed herewith

**CODE OF ETHICS AND BUSINESS CONDUCT  
OF  
ULTRA PETROLEUM CORP.  
(revised August 2008)**

**ETHICS AND COMPLIANCE**

The Company operates in accordance with the highest ethical standards and relevant laws. The Company places the highest value on the integrity of each of its employees and representatives. The Company's culture demands not only legal compliance, but also responsible and ethical behavior. If a local law conflicts with a policy in this Code, then compliance with the law is required; if a local custom or practice conflicts with this Code, compliance with this Code is required.

**1. Ultra Directors, Officers and Employees Shall Avoid all Conflicts of Interest or Improper or Unlawful Conduct and Even the Appearance Thereof**

- It is the policy of Ultra Petroleum Corp. ("Ultra" or the "Company") that there shall be no conflict of interest between the interests of Ultra and the personal interests of any director, officer or employee. The best interest of Ultra must be the sole determinant in all business decisions and no consideration of self-interest may be allowed to interfere with this principle. Nor may any director, officer or employee maintain any beneficial interest (other than publicly-traded securities) in any entity, which has a business relationship with Ultra.
- In addition conflicts of interest may arise, among other things, when a director, officer or employee takes actions or has interests that may make it difficult to perform work for Ultra objectively and effectively, or when a director, officer or employee receives improper personal benefits as a result of such person's position in Ultra. Any such conflicts of interest are prohibited.
- It is the responsibility of a director to report the possibility of a conflict of interest to the full Board of Directors and of an officer or employee to report a conflict of interest to the Company's CEO. The CEO shall report any conflict of interest to the Board of Directors. Only the Board of Directors or a committee of the Board of Directors may waive a conflict of interest or any other non-compliance with this Code of Ethics and Business Conduct, and any such waiver must promptly be disclosed to shareholders.

**2. Customer, Supplier, Competitor and Employee Relations**

The Company believes that the Company, the economy, and the public benefit if businesses compete vigorously. The Company's officers, directors and employees should endeavor to deal fairly with the Company's customers, suppliers, competitors and employees and will not engage in anticompetitive practices that unlawfully restrict the free market economy. Anticompetitive practices include taking unfair

advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

- **Permissible Payments**

The payment of normal discounts and allowances, commissions, fees, sales promotion activity, entertainment and the extension of services and other customary courtesies in the ordinary course of business is permissible so long as they have been authorized and properly recorded. If a customer, supplier, vendor or government agency has adopted a more stringent policy than the Company's regarding gifts and gratuities, then the Company's representative must comply with that more stringent policy when dealing with that person or entity. (See below for a discussion of gifts to government representatives.)

- **Bribes**

The Company's objective is to obtain in the marketplace those products and services which fulfill the Company's requirements at the best value to the Company. No payment in any form (whether funds or assets) shall be made and/or accepted directly or indirectly by anyone for the purpose of obtaining or retaining business or to obtain any other favorable action. It is imperative that each and every person who does business with the Company understands that we will not, under any circumstances, give or accept bribes or kickbacks. A violation of this policy will subject the employee to disciplinary action as well as potential criminal prosecution.

- **Gifts**

No gift should be accepted from a supplier, vendor or customer unless the gift has insubstantial value and a refusal to accept it would be discourteous or otherwise harmful to the Company. This applies equally to gifts to suppliers or vendors or non-governmental customers. (See below for a discussion of gifts to government representatives.)

- **Entertainment**

Appropriate business entertainment of non-government employees occurring in connection with business discussions or the development of business relationships is generally deemed appropriate in the conduct of official business. This may include business-related meals and trips, refreshments before or after a business meeting, and occasional athletic, theatrical or cultural events. Entertainment in any form that would likely result in a feeling or expectation of personal obligation should not be extended or accepted. This applies equally to giving or receiving entertainment.

### **3. Directors, Officers and Employees Shall Keep Confidential Information Confidential**

- In carrying out its business, Ultra maintains confidential information. Confidential information means information maintained by Ultra regarding its operational, financial, legal and administrative activities, which has not been released by Ultra to the public through press release, annual reports or periodic filings with the Securities and Exchange Commission. Generally, confidential information includes all non-public information that may be of use to competitors or harmful to the Company if disclosed. Moreover, federal securities laws impose strict obligations on Ultra regarding disclosure of information to the public.
- The policies outlined below have been implemented in order to preserve Ultra's confidential information. Any questions regarding these policies should be addressed to the CEO.
  - i. The CEO or his designee is the designated spokesman for Ultra for dissemination of Company information to the public. No other person is authorized to disclose Company information or speak on such matters with the public. The public includes, but is not limited to, shareholders, analysts and members of the media. Any inquiries for information must be referred to the CEO.
  - ii. Unauthorized disclosure of Company information, whether confidential or not, is forbidden. Authorization for release must be obtained prior to release from the CEO or his designee.
  - iii. Under no circumstances is a director, officer or employee to respond to rumors regarding Ultra that may appear on the Internet or any other medium.
  - iv. A director's, officer's or employee's obligation to preserve confidential Company information survives the director's, officer's or employee's separation from Ultra.

To protect this information, it is Company policy that:

- Confidential information of the Company should be disclosed within the Company only on a need-to-know basis,
- Confidential information of the Company (paper or electronic) should be marked with additional handling instructions,
- Confidential information of the Company should be disclosed outside the Company only when required by law or when necessary to further the Company's business activities and in accordance with the Company's disclosure guidelines.

Under no circumstances are employees to provide confidential Company documents to any third party, without express consent of the CEO. This includes but is not limited to any confidential Company documents relating to customers, competitors or suppliers of the Company.

#### **4. No Inadvertent Disclosures**

Employees should be especially mindful in the use of the telephone, fax, telex, electronic mail, and other electronic means of storing and transmitting information.

Employees should take every practicable step to preserve the Company's confidential information. For example, employees should not discuss material information in elevators, hallways, restrooms, restaurants, airplanes, taxicabs or any place where they can be overheard; not read confidential documents in public places or discard them where they can be retrieved by others; not leave confidential documents in unattended conference rooms; not leave confidential documents behind when the conference is over. Also, employees should be aware of the carrying quality of conversations conducted on speaker telephones in offices, and of the potential for eavesdropping on conversations conducted on mobile, car or airplane telephones, and other unsecured means of communication.

Many employees are required to sign agreements reminding them of their obligation not to disclose the Company's proprietary confidential information, both while they are employed and after they leave the Company. The loyalty, integrity and sound judgment of the Company's employees both on and off the job are essential to the protection of such information.

#### **5. Trading in Company Securities**

Directors, officers and employees of the Company are generally prohibited from trading in Company securities (including the exercise of stock options) in violation of the Company's insider trading policy. Company policy also prohibits directors, officers and employees from providing a third party with material non-public information that may lead to the third party trading in Ultra's securities. This "tipping" is a violation of federal and state law.

#### **6. Loans to Directors, Officers and Employees**

The Company is prohibited from directly or indirectly making any loan to a director, officer or employee of the Company or guaranteeing any loan or obligation on behalf of a director, officer or employee except upon the recommendation of the Company's CEO with the approval of the Compensation Committee in connection with the relocation of an employee.

#### **7. Reporting of Illegal or Unethical Behavior**

Employees are highly encouraged to talk to their supervisors, managers or other appropriate personnel when in doubt about the best course of action in particular situation. In addition, employees should report any violations of law, rules, regulations of this Code of Ethics and Business Conduct to appropriate personnel.

The Company will not allow retaliation against employees for such reports made in good faith.

**8. It is the Company's Policy to Prohibit all Forms of Harassment or Other Improper Conduct**

The Company expects proper, professional conduct from each director, officer and employee with other directors, officers, employees and business associates at all times, in the workplace or in any Company business environment. Harassment and other improper conduct, regardless of the form or activity, will not be tolerated and will subject the person engaged in such behavior to sanctions, which may include termination "for cause."

**9. Health and Safety**

The Company strives to provide each employee with a safe and healthy work environment. Each employee has a responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

**10. Corporate Opportunities**

Directors, officers and employees owe a duty to the Company to advance the Company's legitimate interests when the opportunity to do so arises. It is the Company's policy that directors, officers and employees shall be prohibited from:

- Taking for themselves personally opportunities that are discovered through the use of corporate property, information or position
- Using corporate property, information or position for personal gain
- Competing with the Company

**11. Fair Dealing**

Each employee should endeavor to deal fairly with the Company's joint interest owners, joint venture partners, product purchasers, vendors, competitors and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

**12. Protection and Proper Use of Company Assets**

All employees, officers and directors should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the

Company's profitability. All Company assets should be used for legitimate business purposes.

**13. Compliance with Laws, Rules and Regulations**

In addition to the insider trading laws discussed in the Company's insider trading policy and referred to in paragraph 3 above, directors, officers and employees shall strive to comply with all laws, rules and regulations which govern the conduct of the Company's business matters. The requirements and opportunities provided in paragraphs 5 and 6 above should be heeded by all directors, officers and employees.

**14. Code of Ethics for Chief Executive Officer and Senior Financial Officers**

The Company's Code of Ethics for the Chief Executive Officer and Chief Financial Officer contains the ethical principles by which the Chief Executive Officer, Chief Financial Officer, principal accounting officer or Controller, or, if no person holds any such offices, the person or persons performing similar functions, are expected to conduct themselves when carrying out their duties and responsibilities. The Code of Ethics for the Chief Executive Officer and Senior Financial Officers is attached hereto as Addendum B and is incorporated herein by reference.

## **ADDENDUM B**

### **ULTRA PETROLEUM CORP.**

#### **Code of Ethics for the Chief Executive Officer and Senior Financial Officers**

The Chief Executive Officer, Chief Financial Officer, principal accounting officer or Controller, and other senior financial officers performing similar functions (collectively, the “*Officers*”) of Ultra Petroleum Corp. (the “*Company*”) each have an obligation to the Company, its shareholders, the public investor community, and themselves to maintain the highest standards of ethical conduct. In recognition of this obligation, the Company has adopted the following standards of ethical conduct for the purpose of promoting:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair accurate, timely and understandable disclosure in the reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the “*SEC*”), and in other public communications made by the Company;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting to an appropriate person or persons identified herein of violations of this Code of Ethics; and
- Accountability for an adherence to this Code of Ethics.

The Company has a Code of Ethics and Business Conduct applicable to all Directors and employees of the Company. The Officers are bound by all of the provisions set forth therein, including those relating to ethical conduct, conflicts of interest and compliance with law. In addition to the Code of Ethics and Business Conduct, the Officers are subject to the additional specific policies described below. Adherence to these standards is integral to achieving the objectives of the Company and its shareholders. The Officers shall not commit acts contrary to these standards nor shall they condone the commission of such acts by others within the Company.

#### **Competence**

The Officers have a responsibility to:

- Maintain an appropriate level of professional competence through the ongoing development of their knowledge and skills.
- Perform their professional duties in accordance with relevant laws, regulations, and technical standards.

- Prepare accurate and timely financial statements, reports and recommendations after appropriate analyses of relevant and reliable information.

### **Confidentiality**

The Officers have a responsibility to protect the Company by:

- Refraining from disclosing confidential information (regarding the Company or otherwise) acquired in the course of their work except when authorized, unless legally obligated to do so.
- Informing subordinates as appropriate regarding the confidentiality of information acquired in the course of their work and monitoring their activities to assure the maintenance of that confidentiality.
- Refraining from using or appearing to use confidential information acquired in the course of their work for unethical or illegal advantages either personally or through third parties.

### **Integrity**

The Officers have a responsibility to:

- Comply with laws, rules and regulations of federal, state and local governments, and appropriate private and public regulatory agencies or organizations, including insider-trading laws.
- Act in good faith, responsibility, without misrepresenting material facts or allowing their independent judgment to be subordinated.
- Protect the Company's assets and insure their efficient use.
- Avoid actual or apparent conflicts of interest with respect to suppliers, customers and competitors and reports potential conflicts as required in the Company's Conflict of Interest Policy.
- Refrain from engaging in any activity that would prejudice their ability to carry out their duties ethically.
- Refrain from either actively or passively subverting the attainment of the organization's legitimate and ethical objectives.
- Recognize and communicate professional limitations or other constraints that would preclude responsible judgment or successful performance of an activity.
- Report to senior management and the Audit Committee any significant information they may have regarding judgments, deficiencies, discrepancies,

errors, lapses or any similar matters relating to the Company's or its subsidiaries' accounting, auditing or system of internal controls. The Officers must communicate unfavorable as well as favorable information and professional judgments or opinions.

- Refrain from engaging in or supporting any activity that would discredit their profession or the Company and proactively promote ethical behavior within the Company.

### **Objectivity**

The Officers have a responsibility to:

- Communicate information fairly and objectively.
- Disclose all material information that could reasonably be expected to influence intended user's understanding of the reports, comments and recommendations presented.

### **Oversight and Disclosure**

The Officers have a responsibility to:

- Ensure the preparation of full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the Company with the SEC. Accordingly, it is the responsibility of the Officers to promptly bring to the attention of the Audit Committee any material information of which he or she may become aware that affects the disclosures made by the Company in its public filings or otherwise assist the Audit Committee in fulfilling its responsibilities of overseeing the Company's financial statements and disclosures and internal control systems.
- Promptly bring to the attention of the Audit Committee any information he or she may have concerning (1) significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or (2) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls.
- Promptly bring to the attention of the CEO or CFO, if any, and to the Audit Committee any information he or she may have concerning any violation of the Company's Code of Ethics and Business Conduct, including any actual or apparent conflicts of interest between personal and professional relationships, involving any management or other employees who has a significant role in the Company's financial reporting, disclosures or internal controls.
- Promptly bring to the attention of the CEO or CFO, if any, and to the Audit Committee any information he or she may have concerning evidence of a material

violation of the securities or other laws, rules or regulations applicable to the Company and the operation of its business, by the Company or any agent thereof, or of violation of the Code of Ethics and Business Conduct or of these additional procedures.

### **Enforcement**

The Board of Directors shall determine, or designate appropriate persons to determine, appropriate actions to be taken in the event of violations of the Code of Ethics and Business Conduct or of these additional procedures by the Officers. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to the Code of Ethics and Business Conduct and to these additional procedures, and shall include written notices to the individual involved that the Board has determined that there has been a violation, censure by the Board, demotion or re-assignment of the individual involved, suspension with or without pay or benefits (as determined by the Board) and termination of the individual's employment. In determining what action is appropriate in a particular case, the Board of Directors or such designee shall take into account all relevant information, including the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action and whether or not the individual in question had committed other violations in the past.

**IN WITNESS WHEREOF**, the undersigned Officers certify that he or she has read the above Code of Ethics and agrees to abide thereby.

/s/ Michael D. Watford  
(Signature)

Michael D. Watford  
(Print Name)

Date: August \_\_, 2008

/s/ Marshall D. Smith  
(Signature)

Marshall D. Smith  
(Print Name)

Date: August \_\_, 2008

**CERTIFICATION**

I, Michael D. Watford, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ultra Petroleum Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 6, 2008

By: /s/ Michael D. Watford

Michael D. Watford, Chairman,  
President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION**

I, Marshall D. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ultra Petroleum Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 6, 2008

By: /s/ Marshall D. Smith

Marshall D. Smith,  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Ultra Petroleum Corp. (the "*Company*") on Form 10-Q for the fiscal quarter ended June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Michael D. Watford, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 6, 2008

/s/ Michael D. Watford  
Michael D. Watford, Chairman,  
President and Chief Executive Officer  
(Principal Executive Officer)

This certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. This certification will not be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Ultra Petroleum Corp. (the “*Company*”) on Form 10-Q for the fiscal quarter ended June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the “*Report*”), I, Marshall D. Smith, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 6, 2008

/s/ Marshall D. Smith  
\_\_\_\_\_  
Marshall D. Smith,  
Chief Financial Officer  
(Principal Financial Officer)

This certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. This certification will not be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.