
**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, 2019

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 001-33614



ULTRA PETROLEUM CORP.

(Exact name of registrant as specified in its charter)

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

**116 Inverness Drive East,
Suite 400
Englewood, Colorado**
(Address of principal executive offices)

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

80112
(Zip code)

(303) 708-9740

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **None**

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 has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES NO

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distributions of securities under a plan confirmed by a court. YES NO

The number of shares, without par value, of Ultra Petroleum Corp., outstanding as of July 31, 2019 was 197,840,056.

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PART I – FINANCIAL INFORMATION
ITEM 1 — FINANCIAL STATEMENTS

ULTRA PETROLEUM CORP. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

	June 30, 2019	December 31, 2018
(In thousands, except share data)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,191	\$ 17,014
Restricted cash	2,902	2,291
Oil and gas revenue receivable and other receivables, net of allowances \$10,427 and \$8,350, respectively	55,669	144,390
Derivative assets	58,198	23,374
Inventory	17,058	18,757
Other current assets	3,240	8,904
Total current assets	142,258	214,730
Oil and gas properties, net, using the full cost method of accounting:		
Proven	1,576,539	1,497,727
Property, plant and equipment, net	10,620	11,635
Long-term right-of-use assets	125,110	—
Other assets	18,699	9,196
Total assets	\$ 1,873,226	\$ 1,733,288
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 34,315	\$ 36,923
Accrued liabilities	53,206	58,574
Production taxes payable	55,151	58,365
Current portion of long-term debt	9,750	7,313
Interest payable	34,724	28,672
Lease liabilities	11,489	—
Derivative liabilities	20,692	62,350
Capital cost accrual	13,430	15,014
Total current liabilities	232,757	267,211
Long-term debt		
Credit facility	59,000	104,000
Long-term debt	1,917,008	1,932,722
Add: Premium on exchange transactions	225,085	228,096
Less: Unamortized deferred financing costs and discount	(51,635)	(56,650)
Total long-term debt, net	2,149,458	2,208,168
Deferred gain on sale of liquids gathering system	—	94,636
Long-term lease liabilities	113,642	—
Other long-term obligations	233,594	211,895
Total liabilities	2,729,451	2,781,910
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Common stock - no par value; authorized - unlimited; issued and outstanding - 197,840,056 and 197,383,295 at June 30, 2019 and December 31, 2018, respectively	2,139,314	2,137,443
Treasury stock	(49)	(49)
Retained loss	(2,995,490)	(3,186,016)
Total shareholders' deficit	(856,225)	(1,048,622)
Total liabilities and shareholders' equity	\$ 1,873,226	\$ 1,733,288

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ULTRA PETROLEUM CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
(In thousands, except per share data)				
Revenues:				
Natural gas sales	\$ 125,915	\$ 141,255	\$ 371,903	\$ 322,716
Oil sales	27,301	43,167	50,767	84,451
Other revenues	2,190	5,716	4,197	8,344
Total operating revenues	155,406	190,138	426,867	415,511
Expenses:				
Lease operating expenses	15,889	23,645	33,114	45,409
Facility lease expense	6,543	6,526	13,188	12,682
Production taxes	16,443	18,883	46,618	42,153
Gathering fees	20,320	24,181	40,200	47,238
Depletion, depreciation and amortization	55,768	51,742	107,422	102,282
General and administrative	7,433	2,063	14,485	14,752
Other operating expenses, net	15,281	639	16,085	853
Total operating expenses	137,677	127,679	271,112	265,369
Operating income	17,729	62,459	155,755	150,142
Other income (expense), net:				
Interest expense	(32,376)	(37,715)	(65,703)	(73,552)
Gain (loss) on commodity derivatives	71,654	(47,271)	7,316	(53,803)
Deferred gain on sale of liquids gathering system	—	2,638	—	5,276
Other income (expense), net	(43)	(657)	243	(688)
Total other (expense) income, net	39,235	(83,005)	(58,144)	(122,767)
Income before income tax (benefit) provision	56,964	(20,546)	97,611	27,375
Income tax (benefit) provision	(141)	9	(169)	442
Net income (loss)	<u>\$ 57,105</u>	<u>\$ (20,555)</u>	<u>\$ 97,780</u>	<u>\$ 26,933</u>
Basic earnings (loss) per share:				
Net income (loss) per common share - basic	\$ 0.29	\$ (0.10)	\$ 0.50	\$ 0.14
Fully diluted earnings (loss) per share:				
Net income (loss) per common share - fully diluted	\$ 0.29	\$ (0.10)	\$ 0.49	\$ 0.14
Weighted average common shares outstanding - basic	197,514	197,054	197,449	196,803
Weighted average common shares outstanding - fully diluted	198,069	197,054	198,089	196,803

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ULTRA PETROLEUM CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (unaudited)
(In thousands)

	<u>Common Stock</u>		<u>Retained (Loss)</u> <u>Earnings</u>	<u>Treasury Stock</u>	<u>Total</u> <u>Shareholders'</u> <u>(Deficit) Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balances at January 1, 2019	197,383	\$ 2,137,443	\$ (3,186,016)	\$ (49)	\$ (1,048,622)
Fair value of employee stock plan grants	—	1,127	—	—	1,127
Net income	—	—	40,674	—	40,674
Initial adoption of ASC 842	—	—	92,818	—	92,818
Balances at March 31, 2019	197,383	\$ 2,138,570	\$ (3,052,524)	\$ (49)	\$ (914,003)
Stock plan grants	648	—	—	—	—
Net share settlements	(191)	—	(71)	—	(71)
Fair value of employee stock plan grants	—	744	—	—	744
Net income	—	—	57,105	—	57,105
Balances at June 30, 2019	197,840	\$ 2,139,314	\$ (2,995,490)	\$ (49)	\$ (856,225)

	<u>Common Stock</u>		<u>Retained (Loss)</u> <u>Earnings</u>	<u>Treasury Stock</u>	<u>Total</u> <u>Shareholders'</u> <u>(Deficit) Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balances at January 1, 2018	196,347	\$ 2,116,018	\$ (3,270,605)	\$ (49)	\$ (1,154,636)
Employee stock plan grants	1,226	—	—	—	—
Net share settlements	(519)	—	(2,061)	—	(2,061)
Fair value of employee stock plan grants	—	10,709	—	—	10,709
Initial adoption of ASC 606	—	—	1,761	—	1,761
Net income	—	—	47,488	—	47,488
Balances at March 31, 2018	197,054	\$ 2,126,727	\$ (3,223,417)	\$ (49)	\$ (1,096,739)
Fair value of employee stock plan grants	—	2,464	—	—	2,464
Net income (loss)	—	—	(20,555)	—	(20,555)
Balances at June 30, 2018	197,054	\$ 2,129,191	\$ (3,243,972)	\$ (49)	\$ (1,114,830)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ULTRA PETROLEUM CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Six Months Ended June 30,	
	2019	2018
	(In thousands)	
Operating activities - cash provided by (used in):		
Net income for the period	\$ 97,780	\$ 26,933
Adjustments to reconcile net income to cash provided by operating activities:		
Depletion, depreciation and amortization	107,422	102,282
Unrealized loss (gain) on commodity derivatives	(82,527)	61,539
Deferred gain on sale of liquids gathering system	—	(5,276)
Stock compensation	1,521	10,122
Payable-in-kind ("PIK") interest payable	6,722	—
Amortization of premium on debt exchange	(20,572)	—
Amortization of deferred financing costs	6,308	5,510
Other	1,915	207
Net changes in operating assets and liabilities:		
Accounts receivable	86,645	17,738
Other current assets	(636)	3,783
Other non-current assets	59	338
Accounts payable	(1,449)	(18,525)
Accrued liabilities	(5,519)	(4,116)
Production taxes payable	(3,214)	3,696
Interest payable	6,052	(3,647)
Other long-term obligations	8,187	(1,647)
Income taxes payable/receivable	6,431	6,844
Net cash provided by operating activities	<u>215,125</u>	<u>205,781</u>
Investing Activities - cash provided by (used in):		
Oil and gas property expenditures	(176,791)	(250,966)
Change in capital cost accrual and accounts payable	(2,743)	(14,483)
Inventory	1,567	(4,140)
Purchase of capital assets	(373)	(2,389)
Net cash used in investing activities	<u>(178,340)</u>	<u>(271,978)</u>
Financing activities - cash provided by (used in):		
Borrowings under Credit Agreement	431,000	450,000
Payments under Credit Agreement	(476,000)	(392,000)
Payments under Term Loan	(2,438)	—
Deferred financing costs	(488)	(638)
Repurchased shares/net share settlements	(71)	(2,061)
Net cash used in financing activities	<u>(47,997)</u>	<u>55,301</u>
(Decrease) increase in cash during the period	(11,212)	(10,896)
Cash, cash equivalents, and restricted cash, beginning of period	19,305	18,269
Cash, cash equivalents and restricted cash, end of period	<u>\$ 8,093</u>	<u>\$ 7,373</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ULTRA PETROLEUM CORP.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

All 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. and its wholly-owned subsidiaries (collectively the “Company”, “Ultra”, “our”, “we”, or “us”) is an independent oil and gas company engaged in the development, production, operation, exploration and acquisition of oil and natural gas properties. Ultra Petroleum Corp. is incorporated under the laws of Yukon, Canada. The Company’s principal business activities are developing its long-life natural gas reserves in the Pinedale and Jonah fields of the Green River Basin of southwest Wyoming.

1. SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation: The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for the year ended December 31, 2019.

The condensed consolidated balance sheet at December 31, 2018, has been derived from the audited consolidated financial statements at that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company’s annual report on Form 10-K for the year ended December 31, 2018.

Significant Accounting Policies: The significant accounting policies followed by the Company are set forth in Note 1, Significant Accounting Policies, in the 2018 Form 10-K and are supplemented by the notes to the unaudited condensed consolidated financial statements included in this report. These unaudited condensed consolidated financial statements should be read in conjunction with the 2018 Form 10-K. Refer to Note 11, Leases, for the updated policies related to the implementation of ASU 2016-02, *Leases (Topic 842)*.

Reclassifications: Certain amounts in the financial statements of prior periods have been reclassified to conform to the current period financial statement presentation.

New Accounting Pronouncements: From time to time, the Financial Accounting Standards Board (“FASB”) or other standards setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification (“ASC”) are communicated through issuance of an Accounting Standards Update (“ASU”). Unless otherwise discussed, we believe that the impact of recently issued guidance, whether adopted or to be adopted in the future, is not expected to have a material impact on the consolidated financial statements upon adoption.

Recently Adopted Accounting Pronouncements:

Leases. In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, and has subsequently issued several supplemental and/or clarifying ASUs (collectively known as “ASC 842”). The guidance requires lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. ASC 842 also requires disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information. The Company adopted ASC 842 and applicable amendments on January 1, 2019, using the modified retrospective approach. The Company elected certain practical expedients and established internal controls and key system functionality to enable the preparation of financial information on adoption.

The adoption of the standard had an effect on the Company’s condensed consolidated balance sheets but did not have an effect on the Company’s condensed consolidated income statements. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while accounting for finance leases remained substantially unchanged. Please refer to Note 11 for additional discussion.

ULTRA PETROLEUM CORP.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

Cumulative Effect of Recently Adopted Accounting Pronouncements:

The following table reflects the cumulative impact of the adoption of ASC 842 on January 1, 2019, using the modified retrospective approach:

	December 31, 2018 as reported	Impact of ASC 842	January 1, 2019 as adjusted
	(Amounts in thousands)		
Long-term right-of-use assets	\$ —	\$ 130,649	\$ 130,649
Total assets	1,733,288	130,649	1,863,937
Lease liabilities (current)	—	11,141	11,141
Deferred gain on sale of liquids gathering system	94,636	(94,636)	—
Long-term lease liabilities	—	121,326	121,326
Total liabilities	2,781,910	37,831	2,819,741
Retained earnings (loss)	(3,186,016)	92,818	(3,093,198)
Total stockholders' equity (deficit)	(1,048,622)	92,818	(955,804)
Total liabilities and stockholders' equity (deficit)	1,733,288	130,649	1,863,937

Recent Accounting Pronouncements Not Yet Adopted:

Fair Value Measurements. In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurements* (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement (“ASU 2018-13”). The amendments in ASU 2018-13 modify the disclosure requirements on fair value measurements in Topic 820. ASU 2018-13 is effective for public companies for fiscal years beginning after December 15, 2019, and interim periods therein. Early adoption is permitted. The Company is currently assessing the impact of this standard on its consolidated financial statements.

Financial Instruments. In June 2016, The FASB issued ASU 2016-13, *Financial Instruments—Credit Losses* (Topic 326), Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”). This ASU changes the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. ASU 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. Early adoption is permitted for fiscal years, and interim periods within those years, beginning after December 15, 2018. The Company is currently assessing the impact of ASU 2016-13 on its consolidated financial statements.

2. REVENUE RECOGNITION:

Revenue from Contracts with Customers

Sales of oil and natural gas are recognized at the point control of the product is transferred to the customer, collectability is reasonably assured, and the performance obligations are satisfied. Virtually all of our contracts’ pricing provisions are tied to a market index, with certain adjustments based on, among other factors, whether a well delivers to a gathering or transmission line, quality of the oil or natural gas, and prevailing supply and demand conditions. As a result, the price of the oil and natural gas fluctuates to remain competitive with other available oil and natural gas supplies.

Natural gas sales

We sell natural gas production at the tailgate of the processing plant or at a delivery point downstream, as specified in the contracts with our customers. The production is sold at set volumes and we collect either (i) an agreed upon index price, (ii) a specific index price adjusted for pricing differentials, or (iii) a set price. We recognize revenue when control transfers to the purchaser at the tailgate of the processing plant or at the agreed-upon delivery point at the net price received. For these contracts, we have concluded that the Company is the principal for our net revenue interest share of the volumes being sold. Gathering fees are incurred prior to the customer taking control of the product, are not considered to be promised services, and are not included in the transaction price; thus, they are presented as expenses in the Condensed Consolidated Statement of Operations.

Our working interest partners are considered the principal for their working interest shares. They have the option to take in kind their volumes. The Company may act as an agent and market the other partners’ share of the natural gas production. If it does so, the Company is considered the agent and revenue is recorded at the Company’s net revenue interest in the production.

ULTRA PETROLEUM CORP.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

Oil sales

We sell oil production at either (a) a lease automatic custody transfer meter, (b) a tank battery, or (c) a delivery point downstream, as specified in the contracts with our customers. The production is sold at set volumes and we collect either (i) an agreed upon index price, net of pricing differentials or (ii) a set price. We recognize revenue at the point when the customer takes control of the product. For these contracts, we have concluded that the Company is the principal for its net revenue interest share of the volumes being sold. Gathering fees are performed prior to the customer taking control of the product, are not considered to be promised services, and are not included in the transaction price; thus, they are presented as expenses in the Condensed Consolidated Statement of Operations.

Our working interest partners are considered the principal for their working interest shares. They have the option to take in kind their volumes. The Company may act as an agent and market the other partners' share of the oil production. If it does so, the Company is considered the agent and revenue is recorded at the Company's net revenue interest in the production.

Other revenues

Our other revenue is comprised of fees paid to us by the operators of the gas processing plants where our gas is processed. Control is transferred upon completion of the processing service. The Company is considered the principal, and revenue is recognized at the point in time that the control is transferred.

Transaction price allocated to remaining performance obligations

A significant number of our product sales are short-term in nature with a contract term of one year or less at index-based prices. For those contracts, we have utilized the practical expedient in ASC 606-10-50-14 exempting the Company from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

For our product sales that have a contract term greater than one year, we have utilized the practical expedient in ASC 606-10-50-14(a) which states that the Company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under these sales contracts, each unit of product generally represents a separate performance obligation; therefore, future volumes are wholly unsatisfied, and disclosure of the transaction price allocated to remaining performance obligations is not required.

Contract balances

Under our product sales contracts, we invoice customers once our performance obligations have been satisfied, at which point payment is unconditional. Accordingly, our product sales contracts do not give rise to contract assets or liabilities under ASC 606.

Prior-period performance obligations

We record revenue in the month production is delivered to the purchaser. However, settlement statements for certain natural gas may not be received for 30 to 90 days after the date production is delivered, and as a result, we are required to estimate the amount of production delivered to the purchaser and the price that will be received for the sale of the product. We record the differences between our estimates and the actual amounts received for product sales in the month that payment is received from the purchaser. We have existing internal controls for our revenue estimation process and related accruals, and any identified differences between our revenue estimates and actual revenue received historically have not been significant. For the six months ended June 30, 2019, revenue recognized in the reporting period related to performance obligations satisfied in prior reporting periods was not material.

3. INVENTORY:

The following table summarizes the major classes of inventory included on the Condensed Consolidated Balance Sheet:

	June 30, 2019	December 31, 2018
Pipe and production equipment	\$ 16,077	\$ 17,644
Crude oil	981	1,113
Total inventory	<u>\$ 17,058</u>	<u>\$ 18,757</u>

ULTRA PETROLEUM CORP.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

4. OIL AND GAS PROPERTIES:

	June 30, 2019	December 31, 2018
Proven properties:		
Acquisition, equipment, exploration, drilling and abandonment costs	\$ 11,755,535	\$ 11,577,281
Less: Accumulated depletion, depreciation and amortization	(10,178,996)	(10,079,554)
Total Oil and gas properties, net	<u>\$ 1,576,539</u>	<u>\$ 1,497,727</u>

5. EARNINGS PER SHARE:

Basic earnings per share is computed by dividing net earnings attributable to common stockholders 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.

Certain share-based payments subject to performance or market conditions are considered contingently issuable shares for purposes of calculating diluted earnings per share. Thus, they are not included in the diluted earnings per share denominator until the performance or market criteria are met. Additionally, warrants are not included in the diluted earnings per share denominator using the treasury stock method until the date on which the volume-weighted average price of the Common Shares is at least \$2.50 per Common Share for 30 consecutive trading days (the "Trading Price Condition").

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
	(Share amounts in 000's)			
Net income (loss)	\$ 57,105	\$ (20,555)	\$ 97,780	\$ 26,933
Weighted average common shares outstanding - basic	197,514	197,054	197,449	196,803
Effect of dilutive instruments	555	—	640	—
Weighted average common shares outstanding - diluted	198,069	197,054	198,089	196,803
Net income (loss) per common share - basic	\$ 0.29	\$ (0.10)	\$ 0.50	\$ 0.14
Net income (loss) per common share - fully diluted	\$ 0.29	\$ (0.10)	\$ 0.49	\$ 0.14
Number of contingently issuable shares, including warrants, that are not included in the diluted earnings per share denominator as the performance or market criteria have not been met	20,218	2,636	20,109	2,636

ULTRA PETROLEUM CORP.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

6. LONG TERM DEBT:

The following tables summarize the Company’s debt instruments as of June 30, 2019 and December 31, 2018:

	June 30, 2019			
	Principal repayment obligation (1)	Unamortized DFC and discounts (2)	Unamortized premium	Carrying value
Credit Facility, secured, due January 2022	\$ 59,000	\$ —	\$ —	\$ 59,000
Term Loan, secured, due April 2024	973,247	(24,722)	—	948,525
Second Lien Notes, secured, due July 2024	578,072	—	225,085	803,157
6.875% Notes, unsecured, due April 2022	150,439	(13,201)	—	137,238
7.125% Notes, unsecured, due April 2025	225,000	(13,712)	—	211,288
Total debt	\$ 1,985,758	\$ (51,635)	\$ 225,085	\$ 2,159,208
Less: Current maturities	(9,750)	—	—	(9,750)
Total long-term debt, net	\$ 1,976,008	\$ (51,635)	\$ 225,085	\$ 2,149,458

- (1) Includes PIK interest on the Term Loan and Second Lien Notes of \$0.7 million and \$6.0 million, respectively.
(2) Deferred financing costs related to the Revolving Credit Facility are reported within Other assets on the condensed consolidated balance sheet, rather than as a reduction of the carrying amount of long-term debt.

	December 31, 2018			
	Principal repayment obligation	Unamortized DFC and discounts (1)	Unamortized premium	Carrying value
Credit Facility, secured, due January 2022	\$ 104,000	\$ —	\$ —	\$ 104,000
Term Loan, secured, due April 2024	975,000	(26,874)	—	948,126
Second Lien Notes, secured, due July 2024	545,000	—	228,096	773,096
6.875% Notes, unsecured, due April 2022	195,035	(15,168)	—	179,867
7.125% Notes, unsecured, due April 2025	225,000	(14,608)	—	210,392
Total debt	\$ 2,044,035	\$ (56,650)	\$ 228,096	\$ 2,215,481
Less: Current maturities	(7,313)	—	—	(7,313)
Total long-term debt, net	\$ 2,036,722	\$ (56,650)	\$ 228,096	\$ 2,208,168

- (1) Deferred financing costs related to the Revolving Credit Facility are reported within Other assets on the condensed consolidated balance sheet, rather than as a reduction of the carrying amount of long-term debt.

Credit Agreement. Ultra Resources Inc., a Delaware corporation and wholly-owned subsidiary of the Company, (“Ultra Resources”) entered into a Credit Agreement as the borrower with the Company and UP Energy Corporation, as parent guarantors, with Bank of Montreal, as administrative agent (the “RBL Administrative Agent”), and with the other lenders party thereto from time to time (collectively, the “RBL Lenders”), providing for a revolving credit facility (the “Revolving Credit Facility”) subject to a borrowing base redetermination, which limits the aggregate amount of first lien debt under the Revolving Credit Facility and Term Loan Agreement (as defined below).

The semi-annual redetermination in February 2019 resulted in a borrowing base commitment of \$1.3 billion, with \$975.0 million allocated to the Company’s Term Loan (as defined below) and \$325.0 million allocated to the Revolving Credit Facility. At June 30, 2019, Ultra Resources had \$59.0 million of outstanding borrowings under the Revolving Credit Facility, and with total commitments of \$325.0 million. The next scheduled borrowing base redetermination is scheduled for October 1, 2019.

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The Revolving Credit Facility has capacity for Ultra Resources to increase the commitments subject to certain conditions and has \$50.0 million of the commitments available for the issuance of letters of credit. The Revolving Credit Facility bears interest either at a rate equal to (a) a customary London interbank offered rate plus an applicable margin that varies from 250 to 350 basis points or (b) the base rate plus an applicable margin that varies from 150 to 250 basis points. The applicable margin increases by 25 basis points in the event the Company's consolidated net leverage ratio, as defined, exceeds 4.00 to 1.00. Ultra Resources is required to pay a commitment fee on the average daily unused portion of the Revolving Credit Facility, which varies based upon a borrowing base utilization grid. Ultra Resources is also required to pay customary letter of credit and fronting fees. The Revolving Credit Facility loans mature on January 12, 2022.

The Revolving Credit Facility requires Ultra Resources to maintain (i) a minimum interest coverage ratio of 2.50 to 1.00; (ii) a current ratio, including the unused portion of the Revolving Credit Facility, of a minimum of 1.00 to 1.00; and (iii) after the Company has obtained investment grade rating an asset coverage ratio of 1.50 to 1.00. In addition, as of the last day of (i) each fiscal quarter ending during the period from March 31, 2019 through June 30, 2019, Ultra Resources is required to maintain the consolidated net leverage ratio at or below 4.75 to 1.00, (ii) each fiscal quarter ending during the period from September 30, 2019 through June 30, 2020, Ultra Resources is required to maintain the consolidated net leverage ratio at or below 4.90 to 1.0, (iii) the fiscal quarter ending September 30, 2020, Ultra Resources is required to maintain the consolidated net leverage ratio at or below 4.50 to 1.0, and (iv) the fiscal quarter ending December 31, 2020 and each other fiscal quarter end thereafter, Ultra Resources is required to maintain the consolidated net leverage ratio at or below 4.25 to 1.0. At June 30, 2019, Ultra Resources' consolidated net leverage ratio and interest coverage ratio were 4.44 to 1.00 and 3.18 to 1.00, respectively, and Ultra Resources was in compliance with each of its debt covenants under the Credit Agreement. A sustained decline in commodity prices could cause the Company to be out of compliance with future consolidated net leverage covenant ratios.

Under the Revolving Credit Facility, the Company is subject to the following minimum hedging requirements: through September 29, 2019, the Company is required to hedge a minimum of 65% of the quarterly projected volumes of natural gas from its proved developed producing ("PDP") reserves; and during the period beginning on September 30, 2019 and ending on March 30, 2020, the Company is required to hedge a minimum of 50% of the quarterly projected volumes of natural gas from PDP reserves. Beginning April 1, 2020, the Company will no longer be subject to a minimum hedging requirement. The duration of the hedging requirements is an 18-month period from the end of a given quarter.

The Revolving Credit Facility contains customary events of default and remedies for credit facilities of this nature. If Ultra Resources does not comply with the financial and other covenants in the Revolving Credit Facility, the lenders may, subject to customary cure rights, require immediate payment of all amounts outstanding under the Revolving Credit Facility and any outstanding unfunded commitments may be terminated.

Term Loan. As of June 30, 2019, the Ultra Resources' First Amendment to the Senior Secured Term Loan (the "Term Loan Agreement") had a balance of approximately \$973.2 million in borrowings, including payable-in-kind ("PIK") and current maturities. The Term Loan Agreement is signed with the Company and UP Energy Corporation, as parent guarantors, Barclays Bank PLC, as administrative agent (the "Term Loan Administrative Agent"), and the other lenders party thereto (collectively, the "Term Loan Lenders").

In December 2018, Ultra Resources and the parent guarantors entered into the First Amendment to the Term Loan Agreement (the "Term Loan Amendment") with the Term Loan Administrative Agent and the Term Loan Lenders party thereto. Pursuant to the Term Loan Amendment, the parties agreed, among other things, to amend the Term Loan Agreement to permit the issuance of the Second Lien Notes and the December Exchange Transaction, to increase the interest rate payable by 100 basis points, such increase comprising 75 basis points payable in cash and 25 basis points payable in kind, and to revise certain covenants and other provisions of the Term Loan Agreement, including, but not limited to:

- introducing call protection of 102% until December 21, 2019 and 101% until December 21, 2020;
- introducing additional restrictions on the Revolving Credit Facility; including amendments and refinancing of the Revolving Credit Facility as more thoroughly described in the Term Loan Amendment;
- deleting the ability to increase commitments under the Term Loan;

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- increasing collateral coverage from 85% to 95% of total PV-9 of Proven Reserves (as defined in the Term Loan Agreement);
- removing the ability to create, invest in and utilize unrestricted subsidiaries;
- further limiting the Company's ability to incur unsecured debt, repay junior debt, and make restricted payments and investments as more thoroughly described in the Term Loan Amendment; and
- providing the ability for the Company to exchange unsecured borrowings to third lien debt within a construct as described in the Term Loan Amendment.

Borrowings under the Term Loan Agreement bear interest at a rate equal to either (a) a customary London interbank offered rate plus 400 basis points or (b) the base rate plus 300 basis points, in each case, of which 25 basis points of the applicable margin is payable-in-kind ("PIK") upon election by Ultra Resources. Beginning in March 2019, the Company has elected the PIK option and management expects to continue this practice into the future. The borrowings under the Term Loan Agreement amortize in equal quarterly installments in aggregate annual amounts equal to 0.25% of the initial aggregate principal amount beginning on June 30, 2019. Borrowings under the Term Loan Agreement mature on April 12, 2024.

Borrowings under the Term Loan Agreement are subject to mandatory prepayments and customary reinvestment rights. The mandatory prepayments include, without limitation, a prepayment requirement with the total net proceeds from certain asset sales and net proceeds on insurance received on account of any loss of Ultra Resources' property or assets, in each case subject to certain exceptions. In addition, subject to certain conditions, there is a prepayment requirement if the asset coverage ratio is less than 2.0 to 1.0. To the extent any mandatory prepayments are required, prepayments equal to six monthly payments are required to attain compliance and are applied to prepay the borrowings under the Term Loan Agreement.

The Term Loan Agreement also contains customary affirmative and negative covenants, including as to compliance with laws (including environmental laws, ERISA and anti-corruption laws), delivery of quarterly and annual financial statements and oil and gas engineering reports, maintenance and operation of property (including oil and gas properties), restrictions on the incurrence of liens, indebtedness, asset dispositions, fundamental changes, restricted payments and other customary covenants. At June 30, 2019, Ultra Resources was in compliance with all of its debt covenants under the Term Loan Agreement.

The Term Loan Agreement contains customary events of default and remedies for credit facilities of this nature. If Ultra Resources does not comply with the financial and other covenants in the Term Loan Agreement, the lenders may, subject to customary cure rights, require immediate payment of all amounts outstanding under the Term Loan Agreement.

Second Lien Notes. As of June 30, 2019, Ultra Resources had approximately \$578.1 million, including PIK interest, in outstanding borrowings of Senior Secured Second Lien Notes ("Second Lien Notes") pursuant to the Indenture, dated December 21, 2018 (the "Second Lien Notes Indenture"), with Ultra Resources, as issuer, the Company and its other subsidiaries, as guarantors, and Wilmington Trust, National Association, as trustee and collateral agent (the "Trustee").

Interest on the Second Lien Notes accrue at (i) an annual rate of 9.00% payable in cash and (ii) an annual rate of 2.00% PIK. The interest payment dates for the Second Lien Notes are January 15 and July 15 of each year, commencing on July 15, 2019. The Company has accounted for such PIK interest as an increase to the principal outstanding. The Second Lien Notes will mature on July 12, 2024.

The Second Lien Notes are senior secured obligations of Ultra Resources and rank senior in right of payment to all of its existing and future unsecured senior debt, to the extent of the value of the collateral pledged under the Second Lien Notes Indenture and related collateral arrangements, senior in right of payment to all of its future subordinated debt, and junior in right of payment to all of its existing and future secured debt of senior priority, to the extent of the value of the collateral pledged thereby. The Second Lien Notes are secured by second priority security interests in substantially all assets of the Company. Payment by Ultra Resources of all amounts due on or in respect of the Second Lien Notes and the performance of Ultra Resources under the Indenture are initially guaranteed by the Company.

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If Ultra Resources experiences certain change of control triggering events set forth in the Second Lien Notes Indenture, each holder of the Second Lien Notes may require Ultra Resources to repurchase all or a portion of its Second Lien Notes for cash at a price equal to 101% of the aggregate principal amount of such Second Lien Notes, plus any accrued but unpaid interest (including PIK interest) to the date of repurchase.

Ultra Resources is subject to certain customary covenants under the Second Lien Notes Indenture and was in compliance with all such covenants as of June 30, 2019. Refer to Note 6 Long Term Debt in the 2018 Form 10-K for additional details on the terms of the Second Lien Notes.

Unsecured Notes. At June 30, 2019, Ultra Resources had approximately \$150.4 million of the 6.875% Senior Notes due 2022 (the “2022 Notes”) and \$225.0 million with respect to the 7.125% Senior Notes due 2025 (the “2025 Notes”, and together with the 2022 Notes, the “Unsecured Notes”).

The 2022 Notes will mature on April 15, 2022. Interest on the 2022 Notes accrue at an annual rate of 6.875% and interest payment dates for the 2022 Notes are April 15 and October 15 of each year. The 2025 Notes will mature on April 15, 2025. Interest on the 2025 Notes accrue at an annual rate of 7.125% and interest payment dates for the 2025 Notes are April 15 and October 15 of each year. Interest will be paid on the Unsecured Notes from the issue date until maturity. Refer to Note 6 Long Term Debt in the 2018 Form 10-K for additional details on the terms of the Unsecured Notes.

7. SHARE BASED COMPENSATION:

Valuation and Expense Information

	For the Three Months Ended June 30,		For the Six Months Ended Ended June 30,	
	2019	2018	2019	2018
Total cost of share-based payment plans	\$ 745	\$ 2,263	\$ 1,872	\$ 13,173
Amounts capitalized in oil and gas properties and equipment	\$ 64	\$ 952	\$ 351	\$ 3,051
Amounts charged against income, before income tax benefit	\$ 681	\$ 1,311	\$ 1,521	\$ 10,122
Amount of related income tax benefit recognized in income before valuation allowance	\$ 143	\$ 275	\$ 319	\$ 2,126

Performance Share Plans:

2017 Stock Incentive Plan. In April 2017, the Ultra Petroleum Corp. 2017 Stock Incentive Plan (“2017 Stock Incentive Plan”) was established by our board of directors (the “Board”) pursuant to which 7.5% of the equity in the Company (on a fully-diluted/fully-distributed basis) is reserved for grants to be made from time to time to the directors, officers, employees, and consultants of the Company (the “Reserve”). During 2017, management incentive plan grants (the “Initial MIP Grants”) were made to members of the Board, officers, and other employees of the Company subject to the conditions and performance requirements provided in the grants, including the limitations that one-third of the Initial MIP Grants will vest, if at all, at such time when the total enterprise value of the Company equals or exceeds \$6.0 billion based upon the volume weighted average price of the common stock during a consecutive 30-day period, that one-third of the Initial MIP Grants will vest, if at all, at such time when the total enterprise value of the Company equals or exceeds 110% or \$6.6 billion based upon the volume weighted average price of the common stock during a consecutive 30-day period, and, that if any Initial MIP Grants do not vest before April 12, 2023, such Initial MIP Grants shall automatically expire. The balance of the Reserve is available to be granted by the Board from time to time.

In June 2018, the Board approved an amendment and restatement of the Ultra Petroleum Corp. 2017 Stock Incentive Plan (as amended and restated, the “A&R Stock Incentive Plan”). The A&R Stock Incentive Plan amends and restates the 2017 Stock Incentive Plan to, among other things:

- provide that consultants, independent contractors and advisors are eligible to participate and receive equity awards in the A&R Stock Incentive Plan;
- limit the aggregate incentive awards available to be granted to any outside director during a single calendar year to a maximum of \$750,000;

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- revise the definition of a Change of Control to exclude a change in a majority of the members on the Board;
- provide that, with respect to awards granted on or after June 8, 2018, no such awards will vest solely as a result of a Change of Control (as defined in the A&R Stock Incentive Plan) unless expressly provided otherwise in the applicable grant agreement or unless otherwise determined by the Committee; and
- make certain other changes related to revisions to the U.S. Internal Revenue Code.

In July 2018, the Company modified its incentive plan and recipients of the Initial MIP Grants were offered an opportunity to exchange the unvested portion of their Initial MIP Grants for new equity awards of time-based restricted stock units (the “2018 RSUs”) effective July 31, 2018 on a one-for-one basis. All 2018 RSUs are time-based awards and vest in equal tranches on May 25, 2019, May 25, 2020, and May 25, 2021. Under FASB ASC Topic 718, Compensation Cost – Stock Compensation (“ASC 718”), the cancellation of an outstanding award of stock-based compensation followed by the issuance of a replacement award is treated as a modification of the original award. The equity award cancellations and subsequent new grants by the Company were considered Type I, probable-to-probable modification in 2018. This type represents modifications where the award was likely to vest prior to modification and is still likely to vest after modification. For these types of modifications, the fair value of the award is assessed both prior to modification and after modification. If the fair value after modification exceeds the fair value prior to modification, incremental expense is generated and recognized over the remaining vesting period.

In March 2019, additional Initial MIP Grants were exchanged for new equity awards of time-based and performance-based restricted stock units. The Company evaluated the cancellation of an outstanding award of stock-based compensation followed by the issuance of a replacement award under ASC 718. For this modification, the fair value of the award is assessed both prior to modification and after modification. Per ASC 718, if the fair value after modification exceeds the fair value prior to modification, incremental expense is generated and recognized over the remaining vesting period.

Long Term Incentive Awards. In 2018 and March 2019, the Board approved long-term incentive awards under the A&R Stock Incentive Plan in order to further align the interests of key employees with shareholders and to give key employees the opportunity to share in the long-term performance of the Company when specific corporate financial and operational goals are achieved. The awards cover a performance period of three years and include time-based and performance-based measures established by the Board at the beginning of the three-year period.

Stock-Based Compensation Cost:

Market-Based Condition Awards. When vesting of an award of stock-based compensation is dependent, at least in part, on the value of a company’s total equity, for purposes of FASB ASC 718, the award is considered to be subject to a “market condition”. Because the Company’s total equity value is a component of its enterprise value, the awards based on enterprise value are considered to be subject to a market condition. Unlike the valuation of an award that is subject to a service condition (i.e., time vested awards) or a performance condition that is not related to stock price, FASB ASC 718 requires the impact of the market condition to be considered when estimating the fair value of the award. As a result, we have used a Monte Carlo simulation model to estimate the fair value of the awards that include a market condition.

FASB ASC 718 requires the expense for an award of stock-based compensation that is subject to a market condition that can be attained at any point during the performance period to be recognized over the shorter of (a) the period between the date of grant and the date the market condition is attained, and (b) the award’s derived service period. For purposes of FASB ASC 718, the derived service period represents the duration of the median of the distribution of share price paths on which the market condition is satisfied. That median is the middle share price path (the midpoint of the distribution of paths within the model) on which the market condition is satisfied. The duration is the period of time from the service inception date to the expected date of market condition satisfaction. Compensation expense is recognized regardless of whether the market condition is actually satisfied.

Expense. For the six months ended June 30, 2019, the Company recognized \$1.5 million in pre-tax compensation expense, which is included within General and administrative expenses on the condensed consolidated statement of operations. During the six months ended June 30, 2018, the Company recognized \$10.1 million in pre-tax compensation expense, of which \$10.0 million related to the Initial MIP Grants.

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8. INCOME TAXES:

The Company's overall effective tax rate on pre-tax income was different than the statutory rate of 21% due primarily to the valuation allowances.

The Company has a valuation allowance recorded against all deferred tax assets as of June 30, 2019. Some or all of this valuation allowance may be reversed in future periods against future income.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted into law. Further guidance and clarifications continue to be issued regarding the regulations and provisions of the Tax Act. The Company will continue to monitor these new regulations and analyze their applicability and impact on the Company.

9. DERIVATIVE FINANCIAL INSTRUMENTS:

Objectives and Strategy: 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 natural gas production. Historically, prices received for natural gas production have been volatile and unpredictable. Pricing volatility is expected to continue. The prices we receive for our production depend on many factors outside of our control, including volatility in the differences between product prices at sales points and the applicable index price.

The Company relies on various types of derivative instruments to manage its exposure to commodity price risk and to provide a level of certainty in the Company's forward cash flows supporting the Company's operations and capital investment program. These types of instruments may include fixed price swaps, costless collars, deferred premium puts or basis differential swaps. These contracts are financial instruments, and do not require or allow for physical delivery of the hedged commodity. While mitigating the effects of fluctuating commodity prices, these derivative contracts may limit the benefits we would receive from increases in commodity prices above the fixed hedge prices.

Under the Revolving Credit Facility, the Company is subject to the following minimum hedging requirements: through September 29, 2019, the Company is required to hedge a minimum of 65% of the quarterly projected volumes of natural gas from its PDP reserves; and during the period beginning on September 30, 2019 and ending on March 30, 2020, the Company is required to hedge a minimum of 50% of the quarterly projected volumes of natural gas from PDP reserves. Beginning April 1, 2020, the Company will no longer be subject to a minimum hedging requirement.

Fair Value of Commodity Derivatives: The Company follows FASB ASC Topic 815, Derivatives and Hedging ("ASC 815"). The Company does not apply hedge accounting to any of its derivative instruments. Instead, in accordance with ASC 815 the derivative contracts are recorded at fair value as derivative assets and liabilities on the Condensed Consolidated Balance Sheets and the associated unrealized gains and losses are recorded as current income or expense on the Condensed Consolidated Statements of Operations. The Company does not offset the value of its derivative arrangements with the same counterparty. Unrealized gains or losses on commodity derivatives represent the non-cash change in the fair value of these derivative instruments and do not impact operating cash flows on the Condensed Consolidated Statements of Cash Flows.

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Commodity Derivative Contracts: At June 30, 2019, the Company had the following open commodity derivative contracts to manage commodity price risks. For the fixed price swaps, the Company receives the fixed price for the contract and pays the variable price to the counterparty. For the basis swaps, the Company receives a fixed price for the difference between two sales points for a specified commodity volume over a specified time period. For the collars, the Company pays the counterparty if the market price is above the ceiling price and the counterparty pays if the market price is below the floor price on a notional quantity. For deferred premium puts, the Company pays the deferred premium in the month of settlement. To the extent the market price is below the put price, the counterparty owes the Company the difference between the market price and put price in the period of settlement. The reference prices of these commodity derivative contracts are typically referenced to index prices as published by independent third parties. Refer to Note 10 for more information regarding the Company's derivative instruments.

Type/Year	Index	Total Volumes (in millions) (Mmbtu)	Weighted Average ("WA") Price per Unit (\$/Mmbtu)	Fair Value - June 30, 2019 Asset (Liability)
Natural gas fixed price swaps				
2019 (July through December)	NYMEX-Henry Hub	90.5	\$ 2.78	\$ 37,790
2020	NYMEX-Henry Hub	24.6	2.78	2,979
Natural gas basis swaps (1)				
2019 (July through December)	NW Rockies Basis Swap	63.5	\$ (0.54)	\$ (13,336)
2020	NW Rockies Basis Swap	11.4	(0.17)	1,114
Crude oil fixed price swaps				
2019 (July through December)	NYMEX-WTI	0.7	\$ 59.06	\$ 601
2020	NYMEX-WTI	0.5	60.31	1,727

Type/Year	Index	Total Volumes (in millions) (Mmbtu)	WA Floor Price (\$/MMBTU)	WA Ceiling Price (\$/MMBTU)	Fair Value - June 30, 2019 Asset (Liability)
Natural gas collars					
2019 (July through December)	NYMEX	2.8	\$ 2.85	\$ 3.13	\$ 1,376
2020	NYMEX	76.1	2.49	2.97	6,127
2021	NYMEX	7.2	2.47	3.03	(390)
Natural gas deferred premium put options					
2020	NYMEX	27.9	\$ 2.41	N/A	\$ 1,707

- Represents swap contracts that fix the basis differentials for gas sold at or near Opal, Wyoming and the value of natural gas established on the last trading day of the month by the NYMEX for natural gas swaps for the respective period.
- The Natural gas deferred premium put options include an average deferred premium of \$0.14 for the six months ended June 30, 2019.

The following table summarizes the pre-tax realized and unrealized gain (loss) the Company recognized related to its derivative instruments in the condensed consolidated statements of operations for the three months ended June 30, 2019 and 2018:

Commodity Derivatives (in thousands):	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Realized gain (loss) on commodity derivatives - natural gas (1)	\$ 3,936	\$ 10,982	\$ (77,267)	\$ 12,426
Realized gain (loss) on commodity derivatives - oil (1)	(516)	(4,320)	2,056	(4,690)
Unrealized gain (loss) on commodity derivatives (1)	68,234	(53,933)	82,527	(61,539)
Total gain (loss) on commodity derivatives	\$ 71,654	\$ (47,271)	\$ 7,316	\$ (53,803)

- Included in Gain (Loss) on commodity derivatives in the condensed consolidated statements of operations.

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10. FAIR VALUE MEASUREMENTS:

As required by FASB ASC 820, the Company 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. Fair value measurements are classified and disclosed in one of the following categories:

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities that the Company has 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 the Company has used to measure the fair value of its commodity derivatives 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).

	Level 1	Level 2	Level 3	Total
Assets:				
Current derivative asset	\$ —	\$ 58,198	\$ —	\$ 58,198
Long-term derivative asset (1)	—	11,571	—	11,571
Total derivative instruments	\$ —	\$ 69,769	\$ —	\$ 69,769
Liabilities:				
Current derivative liability	\$ —	\$ 20,692	\$ —	\$ 20,692
Long-term derivative liability (2)	—	9,382	—	9,382
Total derivative instruments	\$ —	\$ 30,074	\$ —	\$ 30,074

(1) Included in Other assets in the Condensed Consolidated Balance Sheet.

(2) Included in Other long-term obligations in the Condensed Consolidated Balance Sheet.

The Company entered into commodity derivative contracts and as a result, we expose ourselves to counterparty credit risk. Credit risk is the potential failure of the counterparty to perform under the terms of a derivative contract. In order to minimize our credit risk in derivative instruments, we (i) enter into derivative contracts with counterparties that our management has deemed credit worthy as competent and competitive market makers and (ii) routinely monitor and review the credit of our counterparties. In addition, each of our current counterparties are lenders under our Revolving Credit Facility. We believe that all of our counterparties are of substantial credit quality. Other than as provided in our Revolving Credit Facility, we are not required to provide credit support or collateral to any of our counterparties under our derivative contracts, nor are they required to provide credit support to us. As of June 30, 2019, we did not have any past-due receivables from, or payables to, any of the counterparties of our derivative contracts. Refer to Note 9 for additional details on our derivative financial instruments.

Assets and Liabilities Measured on a Non-Recurring Basis

The Company uses fair value to determine the value of its asset retirement obligations. The inputs used to determine such fair value under the expected present value technique are primarily based upon internal estimates prepared by reservoir engineers for costs of dismantlement, removal, site reclamation and similar activities associated with the Company's oil and gas properties and would be classified Level 3 inputs.

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Fair Value of Financial Instruments

The estimated fair value of financial instruments is the estimated amount at which the instrument could be exchanged currently between willing parties. The carrying amounts reported in the Condensed Consolidated Balance Sheets for cash and cash equivalents, restricted cash, accounts receivable, and accounts payable approximate fair value due to the immediate or short-term maturity of these financial instruments. The carrying amount of floating-rate debt approximates fair value because the interest rates are variable and reflective of market rates. The Company uses available market data and valuation methodologies to estimate the fair value of its debt and the fair values presented in the tables below reflect original maturity dates for each of the debt instruments. The valuation assumptions utilized to measure the fair value of the Company's debt are considered Level 2 inputs. This disclosure is presented in accordance with FASB ASC Topic 825, Financial Instruments, and does not impact the Company's consolidated financial position, results of operations or cash flows.

	June 30, 2019		December 31, 2018	
	Principal repayment obligation	Estimated Fair Value	Principal repayment obligation	Estimated Fair Value
Credit Facility, secured, due January 2022	\$ 59,000	\$ 59,000	\$ 104,000	\$ 104,000
Term Loan, secured, due April 2024	973,247	729,935	975,000	858,000
Second Lien Notes, secured, due July 2024	578,072	235,854	545,000	395,125
6.875% Notes, unsecured, due April 2022	150,439	16,548	195,035	68,262
7.125% Notes, unsecured, due April 2025	225,000	22,500	225,000	69,750
Total	<u>\$ 1,985,758</u>	<u>\$ 1,063,837</u>	<u>\$ 2,044,035</u>	<u>\$ 1,495,137</u>

11. LEASES:

The Company adopted ASU 2016-02, *Leases (Topic 842)*, and all applicable amendments as of January 1, 2019. The Company elected to apply the new standard to all leases existing at the date of initial application. Consequently, historical financial information will not be updated, and the disclosures required under the new standard will be provided only for periods beginning January 1, 2019.

The Company determines if an arrangement is a lease at inception. Operating leases are included in long-term right-of-use ("ROU") assets, and long-term lease liabilities on our condensed consolidated balance sheets. ROU assets represent the Company's right to use of an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when the Company is reasonably certain that it will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The ROU assets are tested for impairment in accordance with ASC 360.

The Company has lease agreements with lease and non-lease components, which are accounted for as a single lease component under the practical expedient provisions of the standard. Additionally, for certain leases, the Company applies a portfolio approach to effectively account for the operating lease ROU assets and liabilities. The portfolio approach was used to assess and determine the incremental borrowing rate with information available at adoption date.

The Company has lease agreements with terms less than one year. For the qualifying short-term leases, the Company elected the short-term lease recognition exemption in which the Company will not recognize ROU assets or lease liabilities, including the ROU assets or lease liabilities for existing short-term leases of those assets in upon adoption.

As of the adoption date, the Company had existing lease agreements with easements in which the Company elected the practical expedient. All new and modified lease agreements with easements completed after the adoption date will be evaluated under the ASC 842.

ULTRA PETROLEUM CORP.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

The Company has operating leases for corporate offices, drilling rigs, the Company’s liquids gathering system, and certain equipment. The leases have remaining lease terms of one year to nine years. The Company does not include renewal options in the lease term for calculating the lease liability unless it is reasonably certain that it will exercise the option or the lessor has the sole ability to exercise the option.

The following table summarizes the components of lease cost:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2019		June 30, 2019	
Operating lease cost	\$	5,221	\$	10,476
Variable lease cost (1)	\$	1,347	\$	3,041
Short-term lease cost (2)	\$	5,157	\$	15,067
Total lease cost (3)	\$	11,725	\$	28,584

- (1) Variable lease payments include additional payments made that were not included in the initial measurement of the ROU asset and corresponding lease liability for agreements with terms longer than 12 months. Variable lease payments relate to the actual volumes transported under certain agreements, and variable utility costs associated with the Company’s leased office space. Fluctuations in variable lease payments are driven by actual volumes under long-term agreements.
- (2) Costs associated with short-term lease agreements relate primarily to operational activities where underlying lease terms are less than one year. This amount is significant as it includes drilling activities, most of which are contracted for 12 months or less. It is expected this amount will fluctuate primarily with the number of drilling rigs the Company is operating under short-term agreements. Additionally, this balance includes approximately \$2.0 million of rig demobilization costs and early termination costs.
- (3) Lease costs are either expensed on the accompanying statements of operations or capitalized on the accompanying balance sheets depending on the nature and use of the underlying ROU asset.

The following table provides supplemental balance sheet information related to the Company’s operating leases:

	June 30, 2019
Operating Leases	
Operating lease right-of-use assets	\$ 125,110
Operating lease liabilities	\$ 11,489
Long-term operating lease liabilities	113,642
Total operating lease liabilities	\$ 125,131
Weighted Average Remaining Lease Term	
Operating leases	8.5 years
Weighted Average Discount Rate	
Operating leases	7.91%

The following table provides supplemental cash flow information related to the Company’s operating leases:

	Six Months Ended
	June 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 10,455

ULTRA PETROLEUM CORP.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

The following table summarizes the fixed, future minimum rental payments, excluding variable costs, which are discounted by the Company's incremental borrowing rates to calculate the lease liabilities for the Company's operating leases:

	<u>Operating Leases</u>
For the year ending December 31,	
2019 (remaining)	\$ 10,434
2020	20,853
2021	20,750
2022	20,327
2023	19,719
Thereafter	78,239
Total lease payments	\$ 170,322
Less: imputed interest	(45,191)
Total	<u>\$ 125,131</u>

12. COMMITMENTS AND CONTINGENCIES:

Litigation Matters

Pending Claims – Ultra Resources Indebtedness

On April 29, 2016, the Company and its subsidiaries filed voluntary petitions under chapter 11 of title 11 of the U.S. Code in the U.S. Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). Our chapter 11 cases were jointly administered under the caption *In re Ultra Petroleum Corp., et al*, Case No. 16-32202 (MI) (Bankr. S.D. Tex.). On March 14, 2017, the Bankruptcy Court confirmed our *Debtors' Second Amended Joint Chapter 11 Plan of Reorganization* (the "Plan") and on April 12, 2017, we emerged from bankruptcy.

The Plan provides for the treatment of claims against our bankruptcy estates, including claims for prepetition liabilities that have not otherwise been satisfied or addressed before we emerged from chapter 11 proceedings. The claims resolution process associated with our chapter 11 proceedings is on-going, and we expect it to continue for an indefinite period of time.

Our chapter 11 filings constituted events of default under Ultra Resources' prepetition debt agreements. During our bankruptcy proceedings, many holders of this indebtedness filed proofs of claim with the Bankruptcy Court, asserting claims for the outstanding balance of the indebtedness, unpaid prepetition interest, unpaid postpetition interest (including interest at the default rates under the prepetition debt agreements), make-whole amounts, and other fees and obligations allegedly arising under the prepetition debt agreements. As previously disclosed, in connection with our emergence from bankruptcy and in accordance with the Plan, all of our obligations with respect to Ultra Resources prepetition indebtedness and the associated debt agreements were cancelled, except to the limited extent expressly set forth in the Plan, and the holders of claims related to the indebtedness received payment in full of allowed claims (including with respect to outstanding principal, unpaid prepetition interest, and certain other prepetition fees and obligations arising under the debt agreements). In connection with the confirmation and consummation of the Plan, we entered into a stipulation with the claimants pursuant to which we agreed to establish and fund a \$400.0 million reserve account after the Company's emergence from bankruptcy, pending resolution of make-whole and postpetition interest claims. On April 14, 2017, we funded the account. Following our emergence from bankruptcy, we continued to dispute the claims made by holders of the Ultra Resources' indebtedness for certain make-whole amounts and postpetition interest at the default rates provided for in the debt agreements.

On September 22, 2017, the Bankruptcy Court denied the Company's objection to the pending make-whole and postpetition interest claims. On October 6, 2017, the Bankruptcy Court entered an order requiring the Company to distribute amounts attributable to the disputed claims to the applicable parties. Pursuant to the order, on October 12, 2017, the Company distributed \$399.0 million from the reserve fund to the parties asserting the make-whole and postpetition interest claims and \$1.3 million (the balance remaining after distributions to the parties asserting claims) was returned to the Company. The disbursement of \$399.0 million was comprised of \$223.8 million representing the fees owed under the make-whole claims and \$175.2 million representing postpetition interest at the default rate. The Company appealed the court order denying its objections to these claims to the U.S. Court of Appeals for the Fifth Circuit (the "Appellate Court").

ULTRA PETROLEUM CORP.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

During the fourth quarter of 2018, the Company entered into settlement agreements (collectively, the “Settlement Agreements”) with holders of certain claims related to Ultra Resources’ prepetition indebtedness (the “Claimants”) pursuant to which the parties agreed to settle the pending disputes between the Claimants and the Company. Under the terms of the Settlement Agreements, the Claimants collectively agreed to pay approximately \$16.4 million to the Company.

On January 17, 2019, the Appellate Court issued an opinion vacating the order of the Bankruptcy Court denying the Company’s objection to the asserted make-whole and post-petition interest claims and remanding the matter and those determinations to the Bankruptcy Court for further reconsideration. As of June 30, 2019, there were approximately \$260 million of claims subject to the Appellate Court decision. On January 31, 2019, the holders of these claims filed a petition for rehearing en banc. It is not possible to determine the ultimate disposition of these matters at this time.

Royalties

On April 19, 2016, the Company received a preliminary determination notice from the U.S. Department of the Interior’s Office of Natural Resources Revenue (“ONRR”) asserting that the Company’s allocation of certain processing costs and plant fuel use at certain processing plants were impermissibly charged as deductions in the determination of royalties owed under federal oil and gas leases. ONRR also filed a proof of claim in our bankruptcy proceedings asserting approximately \$35.1 million in claims related to these matters. We disputed the preliminary determination and the proof of claim. In August 2019, the Company and ONRR agreed in principle to a resolution agreement whereby the Company agreed to pay \$12.4 million through installment payments over 60 months, with interest accruing at the applicable federal rate and payable with the final installment payment. This obligation has been recorded to Other operating expense, net on the condensed consolidated statement of operations as of June 30, 2019, and the first installment payments is due in September 2019. Both the Company and ONRR will issue full releases in connection with the audit period. The releases will not be an admission of liability as to any of the matters settled.

Other Claims

During the quarter ended June 30, 2019, the Company settled and funded a dispute related to a net profits interest in certain of its operated leases in the Pinedale field. This settlement resulted in a payment of \$3.5 million. The Company had previously accrued for this item; therefore, no additional expense was recognized during the quarter. Additionally, the Company agreed in principle the settlement of a separate overriding royalty interest dispute and has recognized an expense of \$1.5 million as an estimate of the historical claims.

We are also party to various disputes with respect to certain overriding royalty and net profits interests in certain of our operated leases in the Pinedale field. At this time, no determination of the outcome of these claims can be made, and we cannot reasonably estimate the potential impact of these claims. We are defending these cases vigorously, and we expect these claims to be resolved in our chapter 11 proceedings. In addition, we are currently involved in various routine disputes and allegations incidental to our business operations. While it is not possible to determine the ultimate disposition of these matters, we believe the Company has adequately reserved for such items where it has been determined that a liability is probable and is reasonably estimable. Additionally, we believe that resolution of all such additional pending or threatened litigation is not likely to have a material adverse effect on our financial position or results of operations.

13. SUBSEQUENT EVENTS:

The Company has evaluated the period subsequent to June 30, 2019, for material events that did not exist at the balance sheet date but arose after that date and determined that no subsequent events arose that should be disclosed in order to keep the financial statements from being misleading, except as set forth below:

As previously disclosed, on January 17, 2019, the Appellate Court issued an opinion vacating the order of the Bankruptcy Court denying the Company’s objection to the asserted make-whole and post-petition interest claims and remanding the matter and those determinations to the Bankruptcy Court for further reconsideration. On January 31, 2019, the holders of these claims filed a petition for rehearing en banc.

As previously disclosed, the Company had settled certain claims in 2018 and in the first quarter 2019. As of March 31, 2019, the Company had approximately \$260 million of claims still outstanding. During and subsequent to the quarter ended June 30, 2019, the Company entered into additional settlement agreements with holders of certain make-whole and post-petition interest claims. Pursuant to these settlements, the parties agreed to settle the pending disputes between such holders and the Company, and the holders collectively agreed to pay approximately \$13.5 million to the Company. As of August 8, 2019, there is approximately \$240 million of claims subject to the Appellate Court decision. It is not possible to determine the ultimate disposition of these matters at this time.

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 Company's condensed consolidated financial statements and related notes. Except as otherwise indicated, all amounts are expressed in U.S. dollars.

FORWARD-LOOKING STATEMENTS:

This report contains or incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Private Securities Litigation Reform Act of 1995. Except for statements of historical facts, all statements included in this document, including without limitation, statements in Management's Discussion and Analysis of Financial Condition and Results of Operations regarding the Company's 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, the Company's ability to decrease its leverage or fixed costs, increased competition, the timing and extent of changes in prices for oil and gas, particularly in the areas where we own properties, conduct operations, and market our production, as well as the timing and extent of our success in discovering, developing, producing and estimating oil and gas reserves, our ability to successfully monetize the properties we are marketing, weather and government regulation, and the availability of oil field services, personnel and equipment. See the Company's Annual Report on Form 10-K for the year ended December 31, 2018 for additional risks related to the Company's business.

OPERATIONS OVERVIEW:

Production and Revenues

Ultra Petroleum Corp. and its wholly-owned subsidiaries (collectively the "Company", "Ultra", "our", "we", "us") is an independent exploration and production company focused on developing and producing its long-life natural gas reserves in the Pinedale and Jonah fields of the Green River Basin of southwest Wyoming. The Company operates in one industry segment, natural gas and oil exploration and development, with one geographical segment, the United States.

The Company conducts operations exclusively in the United States. Substantially all of its oil and natural gas activities are conducted jointly with others and, accordingly, amounts presented reflect only the Company's proportionate interest in such activities. The Company continues to focus on improving its drilling and production results through gaining efficiencies with the use of advanced technologies, detailed technical analysis of its properties and leveraging its experience. Inflation has not had, nor is it expected to have in the foreseeable future, a material impact on the Company's results of operations or capital investment program.

The Company currently generates its revenue, earnings and cash flow from the production and sales of natural gas and crude oil and condensate from its Pinedale field.

Total production for the quarter ended June 30, 2019 was 59.8 Bcf of natural gas and 449.2 MBbl of crude oil and condensate, for a total of 62.5 Bcfe of production. The production was 0.3 Bcfe higher as compared to the first quarter of 2019, as the drilling program in the first quarter and into the second quarter approximately replaced the natural decline from the proved producing wells on line as of the beginning of the year. The Company generated significant cash flow from its producing activities, whereby it has produced 124.7 Bcfe through the six months ended June 30, 2019. For the six months ended June 30, 2019, cash flow from operations was \$215.1 million.

During the second quarter, the Company elected to release a drilling rig and reduce its operated rig count in the Pinedale field from three to two. This decision was based on the following factors: 1) consideration of the current pace at which the drilling of wells was occurring; 2) the Company participated in the wells at a higher working interest percentage due to one of its partners electing to non-consent participation in the wells; 3) the overall expected economic returns on the invested capital with the current commodity pricing; and 4) the goal of the Company to generate free cash flow.

In the third quarter of 2019, the Company has announced plans to further reduce its operated drilling program to a single rig as a result of continued low commodity prices. This will reduce the level of total 2019 capital investment to range of \$260 million to \$290

million, a reduction of approximately \$60 million, or 18%, from the midpoint of the Company's initial 2019 capital investment guidance. The Company will continue to evaluate the commodity price environment and the projected investment returns, as it manages its capital investment program.

The prices of oil and natural gas are critical factors to the Company's business. The prices of oil and natural gas have historically been volatile, and this volatility could be detrimental to the Company's financial performance. As a result, and from time to time, the Company tries to limit the impact of this volatility on its results by entering into derivative commodity contracts through the use of swap agreements, costless collars, and/or deferred premium puts. The Company also enters into short-term fixed price forward physical delivery contracts for natural gas and oil from time-to-time. Under the Revolving Credit Facility, the Company is subject to the following minimum hedging requirements: through September 29, 2019, the Company is required to hedge a minimum of 65% of the quarterly projected volumes of natural gas from its PDP reserves; and during the period beginning on September 30, 2019 and ending on March 30, 2020, the Company is required to hedge a minimum of 50% of the quarterly projected volumes of natural gas from PDP reserves. Beginning April 1, 2020, the Company will no longer be subject to a minimum hedging requirement. The Company utilizes costless collars and deferred put contracts, with low premium costs, to provide a degree of floor price protection and allow the Company to participate in more upward price exposure.

On a per unit basis, the average realized prices for the Company in the quarters ended June 30, 2019 and 2018, was \$2.45 per Mcfe and \$2.60 per Mcfe, respectively. The average price realization for the Company's natural gas during the quarter ended June 30, 2019 was \$2.17 per Mcf, including realized gains and losses on commodity derivatives, compared to \$2.28 per Mcf during the quarter ended June 30, 2018. The average price realization for the Company's natural gas during the each of the quarters ended June 30, 2019 and 2018, excluding realized gains and losses on commodity derivatives, was \$2.11 per Mcf.

The average price realization for the Company's crude oil and condensate during the quarter ended June 30, 2019 was \$59.65 per barrel, including realized gains and losses on commodity derivatives, compared to \$58.24 per barrel during the quarter ended June 30, 2018. The average price realization for the Company's crude oil and condensate during the quarter ended June 30, 2019, excluding realized gains and losses on commodity derivatives, was \$60.80 per barrel, compared to \$64.71 per barrel during the quarter ended June 30, 2018.

Capital Investments

As of June 30, 2019, the Company operated two rigs in the Pinedale field with a primary focus of drilling vertical wells. The Company has also participated in wells drilled by other operators in the Pinedale field during this period. The total capital investment in oil and gas properties was \$176.8 million for the six months ended June 30, 2019. During this period, there were 53 gross (52.5 net) vertical wells and 1 gross (0.9 net) horizontal wells, together with 16 gross (5.3 net) vertical wells operated by others that were brought online.

The vertical well costs as of June 30, 2019 averaged \$3.19 million. This stabilization of capital cost from the higher well cost levels in the early part of 2018 was a reflection of more concentrated vertical well operations. This resulted in efficiencies from development on larger drill pads resulting in less rig movement and a higher utilization rate of equipment.

Liquidity and Working Capital

As of June 30, 2019, the Company had \$5.2 million of cash and \$59.0 million outstanding under its Revolving Credit Facility. The borrowing base under our Revolving Credit Facility is currently \$1.3 billion, and lender commitments under the Revolving Credit Facility are \$325.0 million based on the borrowing base redetermination completed in February 2019. The next borrowing base redetermination is scheduled for October 1, 2019.

The Company's borrowing base may decrease as a result of lower commodity prices, operating difficulties, declines in reserves, lending requirements or regulations, the issuance of new indebtedness, or for various other reasons. A decrease in the Company's borrowing base due to declines in commodity prices or otherwise, would impact the Company's ability to borrow under the Revolving Credit Facility and could require the Company to pay indebtedness in excess of the redetermined borrowing base. In addition, the Company may be unable to access the equity or debt capital markets, including the market for senior unsecured notes, to meet our obligations, including any such debt repayment obligations.

Moreover, while the Company's current borrowing base and the amount outstanding under the Revolving Credit Facility indicate sufficient liquidity to execute our business plan for the foreseeable future, the amount that we may borrow under the Revolving Credit Facility is governed by compliance with the consolidated net leverage covenant as discussed in Note 6. A sustained decline in commodity prices could cause the Company to be out of compliance with future consolidated net leverage covenant ratios, which could reduce the Company's effective liquidity.

CONSOLIDATED RESULTS OF OPERATIONS:

Beginning as of January 1, 2019, the Company revised its estimated administrative costs associated with its operations and classified as Lease operating expenses on the Consolidated Statement of Operations. During 2018 and 2019, the Company has taken steps to drive efficiencies through its operations which resulted its overhead costs being less than the inflation adjustment to the overhead rates set by the Council of Petroleum Accountants Societies ("COPAS"). Accordingly, the Company reduced the amount of costs categorized as Lease operating expenses, with General and administrative expenses absorbing a larger portion of the Company's total administrative costs.

The following table summarizes our unaudited condensed consolidated statement of operations for the periods indicated:

	For the Quarter Ended		%	For the Six Months		%
	Ended June 30,	2018		Ended June 30,	2018	
	2019	2018	Variance	2019	2018	Variance
(Amounts in thousands, except per unit data)						
Production, Commodity Prices and Revenues:						
<i>Production:</i>						
Natural gas (Mcf)	59,805	66,892	(11)%	119,380	135,128	(12)%
Crude oil and condensate (Bbl)	449	667	(33)%	886	1,345	(34)%
Total production (Mcf)	<u>62,499</u>	<u>70,894</u>	(12)%	<u>124,696</u>	<u>143,198</u>	(13)%
<i>Commodity Prices:</i>						
Natural gas (\$/Mcf, excluding hedges)	\$ 2.11	\$ 2.11	—	\$ 3.12	\$ 2.39	31%
Natural gas (\$/Mcf, including realized hedges)	\$ 2.17	\$ 2.28	(5)%	\$ 2.47	\$ 2.48	(1)%
Oil and condensate (\$/Bbl, excluding hedges)	\$ 60.80	\$ 64.71	(6)%	\$ 57.30	\$ 62.79	(9)%
Oil and condensate (\$/Bbl, including realized hedges)	\$ 59.65	\$ 58.24	2%	\$ 59.62	\$ 59.31	1%
<i>Revenues:</i>						
Natural gas sales	\$ 125,915	\$ 141,255	(11)%	\$ 371,903	\$ 322,716	15%
Oil sales	27,301	43,167	(37)%	50,767	84,451	(40)%
Other revenues	2,190	5,716	(62)%	4,197	8,344	(50)%
Total operating revenues	<u>\$ 155,406</u>	<u>\$ 190,138</u>	(18)%	<u>\$ 426,867</u>	<u>\$ 415,511</u>	3%
<i>Derivatives:</i>						
Realized gain (loss) on commodity derivatives	\$ 3,420	\$ 6,662	(49)%	\$ (75,211)	\$ 7,736	(1072)%
Unrealized gain (loss) on commodity derivatives	68,234	(53,933)	(227)%	82,527	(61,539)	(234)%
Total Gain (loss) on commodity derivatives	<u>\$ 71,654</u>	<u>\$ (47,271)</u>	(252)%	<u>\$ 7,316</u>	<u>\$ (53,803)</u>	(114)%
Operating Costs and Expenses:						
Lease operating expenses	\$ 15,889	\$ 23,645	(33)%	\$ 33,114	\$ 45,409	(27)%
Facility lease expense	\$ 6,543	\$ 6,526	0%	\$ 13,188	\$ 12,682	4%
Production taxes	\$ 16,443	\$ 18,883	(13)%	\$ 46,618	\$ 42,153	11%
Gathering fees	\$ 20,320	\$ 24,181	(16)%	\$ 40,200	\$ 47,238	(15)%
Depletion, depreciation and amortization	\$ 55,768	\$ 51,742	8%	\$ 107,422	\$ 102,282	5%
General and administrative expenses	\$ 7,433	\$ 2,063	260%	\$ 14,485	\$ 14,752	(2)%
<i>Per Unit Costs and Expenses (\$/Mcf):</i>						
Lease operating expenses	\$ 0.25	\$ 0.33	(24)%	\$ 0.27	\$ 0.32	(16)%
Facility lease expense	\$ 0.10	\$ 0.09	11%	\$ 0.11	\$ 0.09	22%
Production taxes	\$ 0.26	\$ 0.27	(4)%	\$ 0.37	\$ 0.29	28%
Gathering fees	\$ 0.33	\$ 0.34	(3)%	\$ 0.32	\$ 0.33	(3)%
Depletion, depreciation and amortization	\$ 0.89	\$ 0.73	22%	\$ 0.86	\$ 0.71	21%
General and administrative expenses	\$ 0.12	\$ 0.03	300%	\$ 0.12	\$ 0.10	20%

Quarter Ended June 30, 2019 vs. Quarter Ended June 30, 2018

Production, Commodity Prices and Revenues:

Production. During the quarter ended June 30, 2019, total production decreased on a gas equivalent basis to 62.5 Bcfe compared to 70.9 Bcfe for the same period in 2018. The decrease is primarily attributable to a decrease in capital investment which occurred over the second half of 2018 and resulted in lower production in the current period. Additionally, the sale of the non-core assets in Utah during the third quarter of 2018 resulted in a decrease in production on a comparative basis.

Commodity Prices – Natural Gas. Realized natural gas prices, including realized gains and losses on commodity derivatives, decreased 5% to \$2.17 per Mcf during the quarter ended June 30, 2019, as compared to \$2.28 per Mcf for the same period in 2018. The Company has entered into various natural gas price commodity derivative contracts with contract periods extending through the fourth quarter of 2020. See Note 9 for additional details relating to these derivative contracts. During the quarter ended June 30, 2019 and 2018, the Company's average price for natural gas, excluding realized gains and losses on commodity derivatives, was \$2.11 per Mcf.

Commodity Prices – Oil. Realized oil prices, including realized gains and losses on commodity derivatives, increased to \$59.65 per barrel during the quarter ended June 30, 2019, as compared to \$58.24 per barrel for the same period in 2018. The Company has entered into various oil price commodity derivative contracts with contract periods extending through 2020. See Note 9 for additional details relating to these derivative contracts. During the three months ended June 30, 2019, the Company's average price for oil, excluding realized gains and losses on commodity derivatives, was \$60.80 per barrel as compared to \$64.71 per barrel for the same period in 2018.

Revenues. During the quarter ended June 30, 2019, revenues decreased to \$155.4 million as compared to \$190.1 million for the same period in 2018. This decrease is primarily attributable to the decrease in total production and the decrease natural gas prices.

Operating Costs and Expenses:

Lease Operating Expense. Lease operating expense ("LOE") decreased to \$15.9 million during the quarter ended June 30, 2019 as compared to \$23.6 million during the same period in 2018. The decrease for the period was partially driven by the exclusion of the Utah production and related expenses in 2019 which approximated \$3.0 million of expense for the quarter ended June 30, 2018. The sale of the Utah assets was completed in September 2018. Additionally, beginning in 2019, the Company adjusted the estimate used to determine the overhead rate used for the Company administrative expenses as previously discussed. The decrease in the overhead charged to the LOE was approximately \$4.1 million compared to the same period in 2018. On a unit of production basis, LOE costs decreased to \$0.25 per Mcfe during the quarter ended June 30, 2019 as compared with \$0.33 per Mcfe during the same period in 2018.

Facility Lease Expense. In 2012, the Company sold a system of liquids gathering pipelines and central gathering facilities (the "LGS") and certain associated real property rights in the Pinedale field. The Company entered into a long-term, triple net lease agreement with the buyer relating to the use of the LGS (the "Lease Agreement"). The Lease Agreement provides for an initial term of 15 years, and annual base rent of \$20.0 million during the initial term (as adjusted annually for changes based on the consumer price index), which base rent may increase if certain volume thresholds are exceeded. For the quarters ended June 30, 2019 and 2018, the Company recognized expense associated with the Lease Agreement of \$6.5 million.

Production Taxes. During the quarter ended June 30, 2019, production taxes decreased to \$16.4 million compared to \$18.9 million during the same period in 2018, or \$0.26 per Mcfe compared to \$0.27 per Mcfe, respectively. Production taxes in Wyoming are primarily calculated based on a percentage of revenue from the physical production and realized revenues, excluding derivative hedge settlements, after certain deductions and were 10.6% of revenues for the quarter ended June 30, 2019 and 9.9% of revenues for the same period in 2018.

Gathering Fees. During the quarter ended June 30, 2019, gathering fees decreased to \$20.3 million compared to \$24.2 million during the same period in 2018, related to decreased production volumes. On a per unit basis, gathering fees decreased slightly to \$0.33 per Mcfe for the quarter ended June 30, 2019 as compared to \$0.34 per Mcfe in the same period in 2018.

Depletion, Depreciation and Amortization. During the quarter ended June 30, 2019, depletion, depreciation and amortization ("DD&A") expense increased to \$55.8 million compared to \$51.7 million for the same period in 2018. The increase in 2019 is primarily attributable to projected capital costs associated with proved undeveloped properties being at a higher cost and, therefore, the depletion rate per unit is greater than the current oil and gas property value per unit, offset slightly by decreased production volumes during the three months ended June 30, 2019. On a unit of production basis, the DD&A rate increased to \$0.89 per Mcfe for the quarter ended June 30, 2019 compared to \$0.73 per Mcfe for the same period in 2018.

General and Administrative Expenses. During the quarter ended June 30, 2019, general and administrative expenses increased to \$7.4 million as compared to \$2.1 million for the same period in 2018. The increase is primarily attributable to the revision in estimate of costs attributed to General and administrative expenses and LOE, as previously described. Additionally, the increase is a result of increased of legal fees related to the Company's unsuccessful offer to exchange Ultra Resources, Inc.'s outstanding 7.125% Senior Notes due 2025 for new third lien senior secured notes, which was ultimately terminated in July 2019. The change was partially offset by a decrease in share-based compensation expense recognized during the quarter. On a per unit basis, general and administrative expenses increased to \$0.12 per Mcfe for the quarter ended June 30, 2019 compared to \$0.03 per Mcfe for the same period in 2018.

The Company analyzes the combined LOE and General and administrative expenses as controllable costs. The combined LOE and General and administrative expenses for the quarter ended June 30, 2019, was \$0.37 per Mcfe compared to \$0.36 per Mcfe for the same period in 2018. As previously noted, the slight increase in General and administrative expenses associated with the unsuccessful offering of third lien senior secured notes, partially offset by the exclusion of the Utah production and related expenses in 2019. The sale of the Utah assets was completed in September 2018.

Other Income and Expenses:

Interest Expense. Interest expense decreased to \$32.4 million during the quarter ended June 30, 2019 as compared to \$37.7 million during the same period in 2018. Interest expense is comprised of four primary elements: (i) cash interest expense; (ii) PIK interest expense; (iii) amortization of deferred premium; and (iv) amortization of deferred financing costs. The table below reflects the comparative amounts in each period presented (in thousands). The cash interest expense and PIK interest increased for the quarter ended June 30, 2019, as a result of the higher interest cost from the Second Lien Notes issued in December 2019. In conjunction with the issuance of the Second Lien Notes, the Company recognized a deferred premium which is amortized over the term of the Second Lien Notes.

	For the Three Months Ended June 30,	
	2019	2018
Cash interest expense	\$ 36,506	\$ 34,933
PIK interest expense	3,540	—
Amortization of deferred premium	(10,856)	—
Amortization of deferred financing costs and discount	3,186	2,782
Total interest expense	\$ 32,376	\$ 37,715

Deferred Gain on Sale of Liquids Gathering System ("LGS"). During the quarter ended June 30, 2018, the Company recognized \$2.6 million in deferred gain on the 2012 sale of the LGS and certain associated real property rights. On January 1, 2019, the Company recognized the remaining deferred gain as an opening balance sheet adjustment to Retained loss upon adoption of ASC 842.

Other Expense. During the quarter ended June 30, 2019, the Company reached a settlement with the ONRR audit from 2010 through 2012, including an overriding royalty claim. Such amounts have been in dispute prior to the Company's bankruptcy filing in 2016 and are described in more detail in Note 12.

Commodity Derivatives:

Gain (Loss) on Commodity Derivatives. During the quarter ended June 30, 2019, the Company recognized a gain of \$71.7 million, as compared to a loss of \$47.3 million related to commodity derivatives for the same period in 2018. Of this total, the Company recognized \$3.4 million related to a realized gain on commodity derivatives that were settled during the quarter ended June 30, 2019, as compared with \$6.7 million related to a realized gain on commodity derivatives during the same period in 2018. The realized gain or loss on commodity derivatives relates to actual amounts received or paid under the Company's derivative contracts. This amount also includes an unrealized gain of \$68.2 million on commodity derivatives during the quarter ended June 30, 2019, as compared to an unrealized loss of \$53.9 million during the same period in 2018. The unrealized gain or loss on commodity derivatives represents the non-cash charge attributable to the change in the fair value of these derivative instruments over the remaining term of the contract.

Income from Operations:

Pretax Income(Loss). During the quarter ended June 30, 2019, the Company recognized income before income taxes of \$57.0 million compared to a pretax loss of \$20.5 million for the same period in 2018. The operating income and operating expense elements together with the gain on commodity derivatives, offset by the decreased net interest expense were the primary elements for the increase in net income during the quarter ended June 30, 2019, as compared to the same period in 2018.

Income Taxes. The Company has recorded a valuation allowance against all deferred tax assets as of June 30, 2019. Some or all of this valuation allowance may be reversed in future periods against future income.

Net Income. During the quarter ended June 30, 2019, the Company recognized net income of \$57.1 million, or \$0.29 per diluted share, as compared to a net loss of \$20.6 million, or \$(0.10) per diluted share, for the same period in 2018. The operating income and operating expense elements together with the gain on commodity derivatives, offset by the decreased interest expense were the primary elements for the increase in net income during the quarter ended June 30, 2019, as compared to the same period in 2018.

Six Months Ended June 30, 2019 vs. Six Months Ended June 30, 2018

Production, Commodity Derivatives and Revenues:

Production. During the six months ended June 30, 2019, total production decreased by 13% on a gas equivalent basis to 124.7 Bcfe compared to 143.2 Bcfe for the same period in 2018, primarily attributable to a decrease in capital investment which occurred over the second half of 2018 and resulted in lower production in the current period. Additionally, the sale of the non-core assets in Utah during the third quarter of 2018 resulted in a relative decrease in production on a comparative basis.

Commodity Prices – Natural Gas. Realized natural gas prices, including realized gains and losses on commodity derivatives, decreased to \$2.47 per Mcf during the six months ended June 30, 2019, as compared to \$2.48 per Mcf for the same period in 2018. During the six months ended June 30, 2019, the Company entered into additional natural gas price commodity derivative contracts with contract periods extending through 2020. See Note 9 for additional details. During the six months ended June 30, 2019, the Company's average price for natural gas excluding realized gains and losses on commodity derivatives was \$3.12 per Mcf as compared to \$2.39 per Mcf for the same period in 2018.

Commodity Prices – Oil. Realized oil prices, including realized gains and losses on commodity derivatives, increased slightly to \$59.62 per barrel during the six months ended June 30, 2019 as compared to \$59.31 per barrel for the same period in 2018. During the six months ended June 30, 2019, the Company entered into additional oil price commodity derivative contracts with contract periods extending through 2020. See Note 9 for additional details. During the six months ended June 30, 2019, the Company's average price for oil excluding realized gains and losses on commodity derivatives was \$57.30 per barrel as compared to \$62.79 per barrel for the same period in 2018.

Revenues. Increased average natural gas prices, partially offset by decreased production, resulted in revenues increasing to \$426.9 million for the six months ended June 30, 2019 as compared to \$415.5 million for the same period in 2018.

Operating Costs and Expenses:

Lease Operating Expense. LOE decreased to \$33.1 million during the six months ended June 30, 2019 compared to \$45.4 million during the same period in 2018, primarily related to the exclusion of the Utah production and related expenses in 2019 which approximated \$5.8 million for the six months ended June 30, 2019. The sale of the Utah assets was completed in September 2018. Additionally, beginning in 2019, the Company adjusted the estimate used to determine the overhead rate used for the Company administrative expenses as previously discussed. The decrease in the overhead charged to the LOE was approximately \$6.9 million for the six months ended June 30, 2019. On a unit of production basis, LOE costs decreased to \$0.27 per Mcfe during the six months ended June 30, 2019 compared to \$0.32 per Mcfe during the same period in 2018.

Facility Lease Expense. During December 2012, the Company sold the LGS and certain associated real property rights in the Pinedale field and the Company entered into the Lease Agreement. The Lease Agreement provides for an initial term of 15 years, and annual rent of \$20.0 million during the initial term (as adjusted annually for changes based on the consumer price index) and may increase if certain volume thresholds are exceeded. For the six months ended June 30, 2019, the Company recognized operating lease expense associated with the Lease Agreement of \$13.2 million, or \$0.11 per Mcfe, as compared to \$12.7 million, or \$0.09 per Mcfe, for the same period in 2018.

Production Taxes. During the six months ended June 30, 2019, production taxes were \$46.6 million compared to \$42.2 million during the same period in 2018, or \$0.37 per Mcfe compared to \$0.29 per Mcfe. Production taxes are primarily calculated based on a percentage of revenue from production in Wyoming after certain deductions and were 10.9% of revenues for the six months ended June 30, 2019 and 10.1% of revenues for the same period in 2018. The increase in per unit taxes is primarily attributable to increased natural gas prices during the six months ended June 30, 2019, as compared to the same period in 2018.

Gathering Fees. Gathering fees decreased to \$40.2 million for the six months ended June 30, 2019, compared to \$47.2 million during the same period in 2018, largely related to decreased production. On a per unit basis, gathering fees decreased slightly to \$0.32 per Mcfe for the six months ended June 30, 2019 compared to \$0.33 per Mcfe for the same period in 2018.

Depletion, Depreciation and Amortization. DD&A expenses increased to \$107.4 million during the six months ended June 30, 2019, from \$102.3 million for the same period in 2018. The increase in 2019 is primarily attributable to projected capital costs associated with proved undeveloped properties being at a higher cost and, therefore, the depletion rate per unit is greater than the current oil and gas property value per unit, offset slightly by decreased production volumes during the six months ended June 30, 2019. On a unit of production basis, the DD&A rate increased to \$0.86 per Mcfe for the six months ended June 30, 2019 compared to \$0.71 per Mcfe for the six months ended June 30, 2018.

General and Administrative Expenses. General and administrative expenses decreased to \$14.5 million for the six months ended June 30, 2019 compared to \$14.8 million for the same period in 2018. The decrease is primarily attributable to the stock incentive compensation expense that was incurred as of June 30, 2018, as part of the Management Incentive Plan. This was partially offset by the change in estimate of costs attributed to General and administrative expenses and LOE, as previously described. Furthermore, during the quarter the Company incurred the legal fees related to the Company's unsuccessful offer to exchange Ultra Resources, Inc.'s outstanding 7.125% Senior Notes due 2025 for new third lien senior secured notes, which was ultimately terminated in July 2019. On a per unit basis, general and administrative expenses increased to \$0.12 per Mcfe for the six months ended June 30, 2019 compared to \$0.10 per Mcfe for the six months ended June 30, 2018.

The Company analyzes the combined LOE and General and administrative expenses as controllable costs. The combined LOE and General and administrative expenses for the six months ended June 30, 2019, was \$0.39 per Mcfe compared to \$0.42 per Mcfe for the same period in 2018. As previously noted, the slight decrease in controllable costs on a per unit basis is a result of the exclusion of the Utah production and related expenses in 2019. The sale of the Utah assets was completed in September 2018. This was partially offset by the incremental increase in General and administrative expenses associated with the unsuccessful offering of third lien senior secured notes.

Other Income and Expenses:

Interest Expense. Interest expense decreased to \$65.7 million during the six months ended June 30, 2019 compared to \$73.6 million during the same period in 2018. Interest expense is comprised of four primary elements: (i) cash interest expense; (ii) PIK interest expense; (iii) amortization of deferred premium; and (iv) amortization of deferred financing costs. The table below reflects the comparative amounts in each period presented (in thousands):

	For the Six Months Ended June 30,	
	2019	2018
Cash interest expense	\$ 73,245	\$ 68,042
PIK interest expense	6,722	—
Amortization of deferred premium	(20,572)	—
Amortization of deferred financing costs and discount	6,308	5,510
Total interest expense	\$ 65,703	\$ 73,552

Deferred Gain on Sale of Liquids Gathering System. During the six months ended June 30, 2018, the Company recognized \$5.3 million in deferred gain on the sale of the LGS and certain associated real property rights in the Pinedale field during December 2012. On January 1, 2019, the Company recognized the remaining deferred gain as an opening balance sheet adjustment to Retained loss upon adoption of ASC 842.

Other Expense. During 2019, the Company reached a settlement with the ONRR audit from 2010 through 2012, including an overriding royalty claim. Such amounts have been in dispute prior to the Company's bankruptcy filing in 2016 and are described in more detail in Note 12.

Commodity Derivatives:

Gain (Loss) on Commodity Derivatives. During the six months ended June 30, 2019, the Company recognized a gain of \$7.3 million related to commodity derivatives as compared to a loss of \$53.8 million related to commodity derivatives during the same period in 2018. Of this total, the Company recognized \$75.2 million related to a realized loss on commodity derivatives during the six months ended June 30, 2019, as compared with \$7.7 million related to a realized gain on commodity derivatives during the same period in 2018. The realized gain or loss on commodity derivatives relates to actual amounts received or paid under the Company's derivative contracts. This gain (loss) on commodity derivatives also includes an \$82.5 million unrealized gain on commodity derivatives for the six months ended June 30, 2019, as compared to a \$61.5 million unrealized loss on commodity derivatives for the same period in 2018. The unrealized gain or loss on commodity derivatives represents the non-cash charge attributable to the change in the fair value of these derivative instruments over the remaining term of the contract. See Note 9 for additional details.

Income from Operations:

Pretax Income. The Company recognized income before income taxes of \$97.6 million for the six months ended June 30, 2019 compared to \$27.4 million for the same period in 2018. The operating income and operating expense elements together with the gain on commodity derivatives, offset by the decreased net interest expense were the primary elements for the increase in net income during the six months ended June 30, 2019, as compared to the same period in 2018.

Income Taxes. The Company recorded a current tax benefit of \$0.2 million for the six months ended June 30, 2019. The Company has recorded a valuation allowance against all deferred tax assets as of June 30, 2019. Some or all of this valuation allowance may be reversed in future periods against future income.

Net Income. For the six months ended June 30, 2019, the Company recognized net income of \$97.8 million, or \$0.49 per diluted share, as compared to \$26.9 million, or \$0.14 per diluted share, for the same period in 2018. The increase in earnings is driven by the operating income and operating expense elements together with the gain on commodity derivatives, offset by the decreased interest expense were the primary elements for the increase in net income during the six months ended June 30, 2019, as compared to the same period in 2018.

LIQUIDITY AND CAPITAL RESOURCES:

Overview. During the six months ended June 30, 2019, we funded our operations primarily through cash flows from operating activities and periodic borrowings under the Revolving Credit Facility (defined below). At June 30, 2019, the Company has cash and cash equivalents of \$5.2 million and \$59.0 million outstanding borrowings under the Revolving Credit Facility. The borrowing base attributed to the Revolving Credit Facility provides for a total of \$325.0 million of availability, as determined in February 2019. In addition to the borrowings outstanding under the Revolving Credit Facility, the Company had \$1.9 billion of other indebtedness outstanding in the form of term loans, secured notes and unsecured notes with maturities in 2022 through 2025. Availability under the borrowing base may be limited based on compliance with financial covenants; however, the Company expects to have adequate liquidity to fund its operations into the foreseeable future.

Given the current level of volatility in the market and the unpredictability of certain costs that could potentially arise in our operations, the Company's liquidity needs could be significantly higher than the Company currently anticipates. The Company's ability to maintain adequate liquidity depends on the prevailing market prices for oil and natural gas, the successful operation of the business, and appropriate management of operating expenses, levels of capital investment, and availability under the Revolving Credit Facility. The Company's anticipated liquidity needs are highly sensitive to changes in each of these and other factors.

Capital Expenditures. For the six months ended June 30, 2019, total capital expenditures were \$176.8 million. During this period, the Company participated in 53 gross (52.5 net) vertical wells and 1 gross (0.9 net) horizontal wells, together with 16 gross (5.3 net) vertical wells operated by others.

2019 Capital Investment Plan. Based on the decision in the third quarter to move to a one rig operated drilling program, the Company's 2019 capital investment forecast has been adjusted to a range of \$260 million to \$290 million, a reduction of approximately \$60 million from the midpoint of the initial capital investment guidance. Our capital investment for the six months ended June 30, 2019, totaled \$176.8 million. We expect to fund future capital expenditures through cash flows from operations, borrowings under the Revolving Credit Facility, and cash on hand. We expect to allocate all of the capital to development activities in our Pinedale field. The Company has the ability to adjust the capital investment plan depending on the projected natural gas price and estimates of economic returns on the capital investment. Additionally, future estimates of capital expenditures may vary depending on whether partners elect to participate in their working interest share of proposed wells and, similarly, the Company may elect not to participate in wells drilled by other operators.

Credit Agreement. Ultra Resources Inc., a Delaware corporation and wholly-owned subsidiary of the Company, ("Ultra Resources") entered into a Credit Agreement as the borrower with the Company and UP Energy Corporation, as parent guarantors, with Bank of Montreal, as administrative agent (the "RBL Administrative Agent"), and with the other lenders party thereto from time to time (collectively, the "RBL Lenders"), providing for a revolving credit facility (the "Revolving Credit Facility") subject to a borrowing base redetermination, which limits the aggregate amount of first lien debt under the Revolving Credit Facility and Term Loan Agreement (as defined below).

The semi-annual redetermination in February 2019 resulted in a borrowing base commitment of \$1.3 billion, with \$975.0 million allocated to the Company's Term Loan (as defined below) and \$325.0 million allocated to the Revolving Credit Facility. At June 30, 2019, Ultra Resources had \$59.0 million of outstanding borrowings under the Revolving Credit Facility, and with total commitments of \$325.0 million. The next borrowing base redetermination is scheduled for October 1, 2019.

The Revolving Credit Facility has capacity for Ultra Resources to increase the commitments subject to certain conditions, and has \$50.0 million of the commitments available for the issuance of letters of credit. The Revolving Credit Facility bears interest either at a rate equal to (a) a customary London interbank offered rate plus an applicable margin that varies from 250 to 350 basis points or (b) the base rate plus an applicable margin that varies from 150 to 250 basis points. The applicable margin is increased by 25 basis points in the event the Company's leverage ratio, as defined, exceeds 4.00 to 1.00. Ultra Resources is required to pay a commitment fee on the average daily unused portion of the Revolving Credit Facility, which varies based upon a borrowing base utilization grid. Ultra Resources is also required to pay customary letter of credit and fronting fees. The Revolving Credit Facility loans mature on January 12, 2022.

The Revolving Credit Facility requires Ultra Resources to maintain (i) a minimum interest coverage ratio of 2.50 to 1.00; (ii) a current ratio, including the unused portion of the Revolving Credit Facility, of a minimum of 1.00 to 1.00; and (iii) after the Company has obtained investment grade rating an asset coverage ratio of 1.50 to 1.00. In addition, as of the last day of (i) each fiscal quarter ending during the period from March 31, 2019 through June 30, 2019, Ultra Resources is required to maintain the consolidated net leverage ratio at or below 4.75 to 1.00, (ii) each fiscal quarter ending during the period from September 30, 2019 through June 30, 2020, Ultra Resources is required to maintain the consolidated net leverage ratio at or below 4.90 to 1.0, (iii) the fiscal quarter ending September 30, 2020, Ultra Resources is required to maintain the consolidated net leverage ratio at or below 4.50 to 1.0, and (iv) the fiscal quarter ending December 31, 2020 and each other fiscal quarter end thereafter, Ultra Resources is required to maintain the consolidated net leverage ratio at or below 4.25 to 1.0. At June 30, 2019, Ultra Resources' consolidated net leverage ratio and interest coverage ratio were 4.44 to 1.00 and 3.18 to 1.00, respectively, and Ultra Resources was in compliance with each of its debt covenants under the Credit Agreement. A sustained decline in commodity prices could cause the Company to be out of compliance with future consolidated net leverage covenant ratios.

Under the Revolving Credit Facility, the Company is subject to the following minimum hedging requirements: through September 29, 2019, the Company is required to hedge a minimum of 65% of the quarterly projected volumes of natural gas from its proved developed producing ("PDP") reserves; and during the period beginning on September 30, 2019 and ending on March 30, 2020, the Company is required to hedge a minimum of 50% of the quarterly projected volumes of natural gas from PDP reserves. Beginning April 1, 2020, the Company will no longer be subject to a minimum hedging requirement. The Company expects to be in compliance with these requirements while the requirements remain effective. The duration of the hedging requirements is an 18-month period from the end of a given quarter.

The Revolving Credit Facility contains customary events of default and remedies for credit facilities of this nature. If Ultra Resources does not comply with the financial and other covenants in the Revolving Credit Facility, the lenders may, subject to customary cure rights, require immediate payment of all amounts outstanding under the Revolving Credit Facility and any outstanding unfunded commitments may be terminated.

Term Loan. As of June 30, 2019, the Ultra Resources' First Amendment to the Senior Secured Term Loan (the "Term Loan Agreement") had a balance of approximately \$973.2 million in borrowings, including payable-in-kind ("PIK") and current maturities. The Term Loan Agreement is signed with the Company and UP Energy Corporation, as parent guarantors, Barclays Bank PLC, as administrative agent (the "Term Loan Administrative Agent"), and the other lenders party thereto (collectively, the "Term Loan Lenders").

In December 2018, Ultra Resources and the parent guarantors entered into the First Amendment to the Term Loan Agreement (the "Term Loan Amendment") with the Term Loan Administrative Agent and the Term Loan Lenders party thereto. Pursuant to the Term Loan Amendment, the parties agreed, among other things, to amend the Term Loan Agreement to permit the issuance of the Second Lien Notes and the December Exchange Transaction, to increase the interest rate payable by 100 basis points, such increase comprising 75 basis points payable in cash and 25 basis points payable in kind, and to revise certain covenants and other provisions of the Term Loan Agreement, including, but not limited to:

- introducing call protection of 102% until December 21, 2019 and 101% until December 21, 2020;
- introducing additional restrictions on the Revolving Credit Facility; including amendments and refinancing of the Revolving Credit Facility as more thoroughly described in the Term Loan Amendment;
- deleting the ability to increase commitments under the Term Loan;
- increasing collateral coverage from 85% to 95% of total PV-9 of Proven Reserves (as defined in the Term Loan Agreement);

- removing the ability to create, invest in and utilize unrestricted subsidiaries;
- further limiting the Company's ability to incur unsecured debt, repay junior debt, and make restricted payments and investments as more thoroughly described in the Term Loan Amendment; and
- providing the ability for the Company to exchange unsecured borrowings to third lien debt within a construct as described in the Term Loan Amendment.

Borrowings under the Term Loan Agreement bear interest at a rate equal to either (a) a customary London interbank offered rate plus 400 basis points or (b) the base rate plus 300 basis points, in each case, of which 25 basis points of the applicable margin is payable-in-kind upon election by Ultra Resources. Beginning in March 2019, the Company has affirmatively elected the PIK option and management expects to continue this practice into the future. Borrowings under the Term Loan Agreement amortize in equal quarterly installments in aggregate annual amounts equal to 0.25% of the initial aggregate principal amount beginning on June 30, 2019. Borrowings under the Term Loan Agreement mature on April 12, 2024.

Borrowings under the Term Loan Agreement are subject to mandatory prepayments and customary reinvestment rights. The mandatory prepayments include, without limitation, a prepayment requirement with the total net proceeds from certain asset sales and net proceeds on insurance received on account of any loss of Ultra Resources' property or assets, in each case subject to certain exceptions. In addition, subject to certain conditions, there is a prepayment requirement if the asset coverage ratio is less than 2.0 to 1.0. To the extent any mandatory prepayments are required, prepayments equal to six monthly payments are required to attain compliance and are applied to prepay the borrowings under the Term Loan Agreement.

The Term Loan Agreement also contains customary affirmative and negative covenants, and at June 30, 2019, Ultra Resources was in compliance with all of its debt covenants under the Term Loan Agreement. Refer to Note 6 Long Term Debt in the 2018 Form 10-K for additional details on the terms of the Term Loan Agreement.

The Term Loan Agreement contains customary events of default and remedies for credit facilities of this nature. If Ultra Resources does not comply with the financial and other covenants in the Term Loan Agreement, the lenders may, subject to customary cure rights, require immediate payment of all amounts outstanding under the Term Loan Amendment.

Second Lien Notes. As of June 30, 2019, Ultra Resources had approximately \$578.1 million, including PIK interest, in outstanding borrowings of Senior Secured Second Lien Notes ("Second Lien Notes") pursuant to the Indenture, dated December 21, 2018 (the "Second Lien Notes Indenture"), with Ultra Resources, as issuer, the Company and its other subsidiaries, as guarantors, and Wilmington Trust, National Association, as trustee and collateral agent (the "Trustee").

Interest on the Second Lien Notes accrue at (i) an annual rate of 9.00% payable in cash and (ii) an annual rate of 2.00% PIK. The interest payment dates for the Second Lien Notes are January 15 and July 15 of each year, commencing on July 15, 2019. The Company has accounted for such PIK interest as an increase to the principal outstanding. The Second Lien Notes will mature on July 12, 2024.

The Second Lien Notes are senior secured obligations of Ultra Resources and rank senior in right of payment to all of its existing and future unsecured senior debt, to the extent of the value of the collateral pledged under the Second Lien Notes Indenture and related collateral arrangements, senior in right of payment to all of its future subordinated debt, and junior in right of payment to all of its existing and future secured debt of senior priority, to the extent of the value of the collateral pledged thereby. The Second Lien Notes are secured by second priority security interests in substantially all assets of the Company. Payment by Ultra Resources of all amounts due on or in respect of the Second Lien Notes and the performance of Ultra Resources under the Second Lien Notes Indenture are initially guaranteed by the Company.

If Ultra Resources experiences certain change of control triggering events set forth in the Second Lien Notes Indenture, each holder of the Second Lien Notes may require Ultra Resources to repurchase all or a portion of its Second Lien Notes for cash at a price equal to 101% of the aggregate principal amount of such Second Lien Notes, plus any accrued but unpaid interest (including PIK interest) to the date of repurchase.

Ultra Resources is subject to certain customary covenants under the Second Lien Notes Indenture and was in compliance with all such covenants as of June 30, 2019. Refer to Note 6 Long Term Debt in the 2018 Form 10-K for additional details on the terms of the Second Lien Notes.

Unsecured Notes. At June 30, 2019, Ultra Resources had approximately \$150.4 million of the 6.875% Senior Notes due 2022 (the “2022 Notes”) and \$225.0 million with respect to the 7.125% Senior Notes due 2025 (the “2025 Notes”, and together with the 2022 Notes, the “Unsecured Notes”).

The 2022 Notes will mature on April 15, 2022. Interest on the 2022 Notes accrue at an annual rate of 6.875% and interest payment dates for the 2022 Notes are April 15 and October 15 of each year. The 2025 Notes will mature on April 15, 2025. Interest on the 2025 Notes accrue at an annual rate of 7.125% and interest payment dates for the 2025 Notes are April 15 and October 15 of each year. Interest will be paid on the Unsecured Notes from the issue date until maturity. Refer to Note 6 Long Term Debt in the 2018 Form 10-K for additional details on the terms of the Unsecured Notes.

Cash flows provided by (used in):

Operating Activities. During the six months ended June 30, 2019, net cash provided by operating activities was \$215.1 million compared to \$205.8 million for the same period in 2018. The increase in net cash provided by operating activities is attributable to an increase in net income and an increase in working capital.

Investing Activities. During the six months ended June 30, 2019, net cash used in investing activities was \$178.3 million as compared to \$272.0 million for the same period in 2018. The decrease in net cash used in investing activities is largely related to decreased capital investments associated with the Company’s drilling activities. In 2018, the Company was drilling vertical and horizontal wells which resulted in higher capital costs. During 2019, the Company is primarily focused on drilling vertical wells. Additionally, in the second quarter of 2019, the Company elected to release a drilling rig and reduce its operated rig count in the Pinedale field from three to two. In the third quarter of 2019, the Company plans to reduce its operated drilling program to a single rig.

Financing Activities. During the six months ended June 30, 2019, net cash used in financing activities was \$48.0 million as compared to net cash provided by financing activities of \$55.3 million for the same period in 2018. The increase in net cash used in financing activities is attributable to the payments on the Revolving Credit Facility from operating cash flows in excess of the borrowings for the six months ended June 30, 2019.

Critical Accounting Policies

Please refer to the corresponding section in Part II, Item 7 and to Note 1, Significant Accounting Policies, included in Part II, Item 8 of our 2018 Form 10-K for discussion of our accounting policies and estimates.

New accounting pronouncements:

Please refer to, Significant Accounting Policies, under Part I, Item 1 of this report for new accounting pronouncements.

OFF BALANCE SHEET ARRANGEMENTS:

The Company did not have any off-balance sheet arrangements as of June 30, 2019.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

Objectives and Strategy: The Company is exposed to commodity price risk. The following quantitative and qualitative information is provided about financial instruments to which we were a party at June 30, 2019, and from which we may incur future gains or losses from changes in commodity prices. We do not enter into derivative or other financial instruments for speculative or trading purposes.

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 natural gas production. Historically, prices received for natural gas production have been volatile and unpredictable. Pricing volatility is expected to continue. The prices we receive for our production depend on many factors outside of our control, including volatility in the differences between product prices at sales points and the applicable index price.

The Company relies on various types of derivative instruments to manage its exposure to commodity price risk and to provide a level of certainty in the Company’s forward cash flows supporting the Company’s capital investment program. These types of instruments may include fixed price swaps, costless collars, deferred premium puts or basis differential swaps. These contracts are financial instruments, and do not require or allow for physical delivery of the hedged commodity. While mitigating the effects of

fluctuating commodity prices, these derivative contracts may limit the benefits we would receive from increases in commodity prices above the fixed hedge prices.

Under the Revolving Credit Facility, the Company is subject to the following minimum hedging requirements: through September 29, 2019, the Company is required to hedge a minimum of 65% of the quarterly projected volumes of natural gas from its PDP reserves; and during the period beginning on September 30, 2019 and ending on March 30, 2020, the Company is required to hedge a minimum of 50% of the quarterly projected volumes of natural gas from PDP reserves. Beginning April 1, 2020, the Company will no longer be subject to a minimum hedging requirement.

Fair Value of Commodity Derivatives: The Company follows FASB ASC Topic 815, Derivatives and Hedging (“ASC 815”). Derivative contracts that do not qualify for hedge accounting treatment are recorded at fair value as derivative assets and liabilities on the Condensed Consolidated Balance Sheets and the associated unrealized gains and losses are recorded as current income or expense on the Condensed Consolidated Statements of Operations. The Company does not offset the value of its derivative arrangements with the same counterparty. Unrealized gains or losses on commodity derivatives represent the non-cash change in the fair value of these derivative instruments and do not impact operating cash flows on the Condensed Consolidated Statements of Cash Flows. The Company does not apply hedge accounting to any of its derivative instruments. See Note 10 of this report for details regarding the fair value of the derivative contracts described below.

Commodity Derivative Contracts: At June 30, 2019, the Company had the following open commodity derivative contracts to manage commodity price risk. For the fixed price swaps, the Company receives the fixed price for the contract and pays the variable price to the counterparty. For the basis swaps, the Company receives a fixed price for the difference between two sales points for a specified commodity volume over a specified time period. The reference prices of these commodity derivative contracts are typically referenced to index prices as published by independent third parties.

Type/Year	Index	Total Volumes (in millions) (Mmbtu)	Weighted Average (“WA”) Price per Unit (\$/Mmbtu)	Fair Value - June 30, 2019 Asset (Liability)
Natural gas fixed price swaps				
2019 (July through December)	NYMEX-Henry Hub	90.5	\$ 2.78	\$ 37,790
2020	NYMEX-Henry Hub	24.6	2.78	2,979
Natural gas basis swaps (1)				
2019 (July through December)	NW Rockies Basis Swap	63.5	\$ (0.54)	\$ (13,336)
2020	NW Rockies Basis Swap	11.4	(0.17)	1,114
Crude oil fixed price swaps				
2019 (July through December)	NYMEX-WTI	0.7	\$ 59.06	\$ 601
2020	NYMEX-WTI	0.5	60.31	1,727

Type/Year	Index	Total Volumes (in millions) (Mmbtu)	WA Floor Price (\$/MMBTU)	WA Ceiling Price (\$/MMBTU)	Fair Value - June 30, 2019 Asset (Liability)
Natural gas collars					
2019 (July through December)	NYMEX	2.8	\$ 2.85	\$ 3.13	\$ 1,376
2020	NYMEX	76.1	\$ 2.49	\$ 2.97	\$ 6,127
2021	NYMEX	7.2	\$ 2.47	\$ 3.03	\$ (390)
Natural gas deferred premium put options					
2020	NYMEX	27.9	\$ 2.41	N/A	\$ 1,707

- (1) Represents swap contracts that fix the basis differentials for gas sold at or near Opal, Wyoming and the value of natural gas established on the last trading day of the month by the NYMEX for natural gas swaps for the respective period.
- (2) The Natural gas deferred premium put options include an average deferred premium of \$0.14 for the six months ended June 30, 2019.

Subsequent to June 30, 2019 and through July 31, 2019, the Company entered into the following open commodity derivative contracts to manage commodity price risk.

Type/Year	Index	Total Volumes (Mmbtu)	Weighted Average Price per Unit (\$/Mmbtu)
Natural gas basis swaps			
2019 (July through December)	NW Rockies Basis Swap	2.44	\$ (0.16)
2020	NW Rockies Basis Swap	3.02	\$ (0.17)

The following table summarizes the pre-tax realized and unrealized gain (loss) the Company recognized related to its derivative instruments in the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2019 and 2018:

Commodity Derivatives (in thousands):	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Realized gain on commodity derivatives - natural gas (1)	\$ 3,936	\$ 10,982	\$ (77,267)	\$ 12,426
Realized gain (loss) on commodity derivatives - oil (1)	(516)	(4,320)	2,056	(4,690)
Unrealized gain (loss) on commodity derivatives (1)	68,234	(53,933)	82,527	(61,539)
Total gain (loss) on commodity derivatives	\$ 71,654	\$ (47,271)	\$ 7,316	\$ (53,803)

(1) Included in Loss on commodity derivatives in the Consolidated Statements of Operations.

The realized gain or loss on commodity derivatives relates to actual amounts received or paid or to be received or paid under the Company's derivative contracts and the unrealized gain or loss on commodity derivatives represents the change in the fair value of these derivative instruments over the remaining term of the contract.

Interest Rate Risk

We are also exposed to market risk related to adverse changes in interest rates, primarily related to fluctuations in short-term rates that are based on the London interbank offered rate. Such fluctuations may result in reductions of earnings or cash flows due to increases in the interest rates we pay on outstanding borrowings under the Revolving Credit Facility and Term Loan Agreement. At June 30, 2019, the weighted average interest rate on our variable rate debt was 6.3% per year. If the balance of our variable interest rate at June 30, 2019 were to remain constant, a 10% change in the variable market interest rates would impact our cash flows by approximately \$1.3 million per year.

Credit Risk

We monitor our risk of loss due to non-performance by counterparties of their contractual obligations. Our principal exposure to credit risk is through the sale of our natural gas and oil production, which we market to diverse group of companies, including major energy companies, natural gas utilities, oil refiners, pipeline companies, local distribution companies, financial institutions and end-users in various industries. We monitor our exposure to these counterparties primarily by reviewing credit ratings, financial statements and payment history. We extend credit terms based on our evaluation of each counterparty's creditworthiness.

To a lesser extent, we are also exposed to credit risk through our derivative counterparties. We have entered into International Swap Dealers Association Master Agreements ("ISDA Agreements") with each of our derivative counterparties. The terms of the ISDA Agreements provide us and the counterparties with rights of set-off upon the occurrence of defined acts of default by either us or a counterparty to a derivative, whereby the party not in default may set off all derivative liabilities owed to the defaulting party against all derivative asset receivables from the defaulting party. See Note 9 for additional information regarding our derivative activities.

ITEM 4 — CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company has performed an evaluation under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. The Company's disclosure controls and procedures are the controls and other procedures that it has designed to ensure that it records, processes, accumulates and communicates information to the Company's management, including its 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, the Company's management, including its Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of June 30, 2019.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 12 for discussion of on-going claims and disputes that arose during our chapter 11 proceedings, certain of which may be material. The Company is also currently involved in various routine disputes and allegations incidental to its business operations. While it is not possible to determine or predict 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, results of operations, or cash flows.

ITEM 1A. RISK FACTORS

Our business has many risks. Any of the risks discussed in this Quarterly Report on Form 10-Q or in our other SEC filings, could have a material impact on our business, financial position, or results of operations. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations. Except as set forth below, there have been no material changes to the risks described in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and the Quarterly Report on the Form 10-Q for the period ended March 31, 2019. This information should be considered carefully, together with other information in this report and other reports and materials we file with the SEC.

Our common shares were recently delisted from The NASDAQ Global Select Market and trade in an over-the-counter market. This may negatively affect our stock price and liquidity.

As previously disclosed, on January 29, 2019, we received written notice from the Listing Qualifications Staff of The NASDAQ Stock Market LLC notifying us that our common shares over a period of 30 consecutive trading days closed below the average closing price of \$1.00 per share, which is the minimum average closing price required to maintain listing under NASDAQ Listing Rule 5450(a)(1). Further, as previously disclosed, on July 30, 2019, we received written notice from the Listing Qualifications Staff of The NASDAQ Global Select Market that our common shares would be delisted from The NASDAQ Global Select Market on August 8, 2019 because we have not regained compliance within the automatic period of 180 calendar days provided to us in accordance with NASDAQ Listing Rule 5810(c)(3)(A).

Trading in our common shares is now conducted in the over-the-counter markets on the OTC Bulletin Board and the liquidity of our common shares may likely be reduced or impaired, not only in the number of shares which could be purchased and sold, but also through delays in the timing of the transactions. There may also be a reduction in our coverage by security analysts and the news media, thereby resulting in potential lower prices for our common shares than might otherwise prevail. The delisting of our common shares may also result in other adverse consequences, including lower demand for our shares, adverse publicity and a reduced interest in our Company from investors, analysts and other market participants.

Investments in securities trading on the over-the-counter markets are generally less liquid than investments in securities trading on a national securities exchange. In addition, the trading of our common shares on the over-the-counter markets could have other negative implications, including the potential loss of confidence in us by suppliers, customers and employees and the loss of institutional investor interest in our common shares. This could further depress the trading price of our common shares and could also have a long-term adverse effect on our ability to raise capital.

There can be no assurance that our common shares will continue to trade on the over-the-counter markets or that any public market for the common shares will exist in the future, whether broker-dealers will continue to provide public quotes of the common shares on this market, whether the trading volume of the common shares will be sufficient to provide for an efficient trading market, whether quotes for the common shares may be blocked in the future, or that we will be able to relist the common shares on a national securities exchange.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information about purchases made by the Company (as defined in Rule 10b-18(a)(3) under the Exchange Act) during the quarter ended June 30, 2019, of shares of common stock, which is the sole class of equity securities registered by the Company pursuant to Section 12 of the Exchange Act:

PURCHASES OF EQUITY SECURITIES BY ISSUER

<u>Period</u>	<u>Total Number of Shares Purchased (1)</u>	<u>Weighted Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Program</u>	<u>Maximum Number of Shares that May Yet Be Purchased Under the Program</u>
April 2019	—	—	—	—
May 2019	190,872	0.39	—	—
June 2019	—	—	—	—
Total	190,872	0.39	—	—

- (1) All shares purchased by the Company in the second quarter of 2019 were surrendered by employees in exchange for the payment of tax withholding upon the vesting of restricted stock awards. The acquisition of the surrendered shares was not part of a publicly announced program to repurchase shares of our common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION**Appointment of Senior Vice President and Chief Human Resources Officer**

On April 15, 2019, the Board of Directors of Ultra Petroleum Corp. (the “Company”) appointed Mr. James N. Whyte as Senior Vice President and Chief Human Resources Officer of the Company, effective April 22, 2019. Mr. Whyte, age 60, previously served as Executive Vice President for Intrepid Potash, Inc. from August 2016 to 2018. Prior to that, he served as the Executive Vice President of Human Resources and Risk Management from 2007 to August 2016. Mr. Whyte joined Intrepid Mining LLC as Vice President of Human Resources and Risk Management in 2004. Prior to joining Intrepid, Mr. Whyte spent 17 years in the property and casualty insurance industry including roles with Marsh and McLennan, Incorporated, American Re-Insurance, and a private insurance brokerage firm he founded. Mr. Whyte was a director of American Eagle Energy Corporation from November 2013 to October 2016. Mr. Whyte earned a Bachelors of Business Administration from Southern Methodist University and a Masters of Business Administration from the University of Denver.

Mr. Whyte was not appointed pursuant to any arrangement or understanding with any other person, and there are no transactions with Mr. Whyte that would be reportable under Item 404(a) of Regulation S-K.

Employment Agreement

On April 22, 2019, the Company entered into an employment agreement with Mr. Whyte (the “Whyte Employment Agreement”). The Whyte Employment Agreement provides Mr. Whyte with an initial base salary of \$285,000 per year; eligibility to receive cash-based incentive compensation pursuant to the Company’s short-term incentive programs as in effect from time to time with a target amount equal to 50% of his annual base salary; and eligibility to receive grants of equity-based incentive compensation in the form of restricted stock units and performance-based restricted stock units. The Whyte Employment Agreement also provides Mr. Whyte with other benefits, including health insurance and the opportunity to participate in a 401(k) plan, to the same extent as such benefits are available to the Company’s other salaried employees.

The Whyte Employment Agreement provides that either the Company or Mr. Whyte can terminate his employment relationship. The Company’s right to terminate the employment relationship is subject to its obligation to make certain severance payments and provide certain other benefits to Mr. Whyte, depending upon the circumstances under which the employment relationship is terminated. Under the Whyte Employment Agreement, the Company is generally not obligated to provide any severance payments or benefits if Mr. Whyte is terminated for cause or if Mr. Whyte resigns without good reason, and the Company is generally obligated to

provide the severance payments and benefits if the Company terminates him without cause, or if he resigns with good reason (each, as defined in the Whyte Employment Agreement). In the event Mr. Whyte's employment is terminated by the Company without cause, or in the event Mr. Whyte resigns for good reason, the Company will be obligated (subject to Mr. Whyte's timely execution and non-revocation of a release of claims) to provide Mr. Whyte with the following severance benefits: (i) payment of any accrued but unpaid compensation as of the termination date, (ii) payment of a portion of Mr. Whyte's annual cash incentive compensation based on the Company's actual performance at the conclusion of the performance period without proration, (iii) a lump-sum payment equal to Mr. Whyte's then-current annual base salary, and (iv) continued coverage under the Company's health and welfare benefits programs for the shorter of (x) 12 months following Mr. Whyte's termination and (y) the date on which Mr. Whyte is eligible for comparable coverage under a subsequent employer.

The Whyte Employment Agreement also contains various other ordinary and customary covenants for the Company's benefit by Mr. Whyte with respect to inventions, non-competition, non-solicitation, non-disparagement, confidentiality, and cooperation and assistance with respect to litigation or other adjudicatory proceedings.

The foregoing description of the Whyte Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Whyte Employment Agreement, of which a copy is attached hereto as Exhibit 10.3 and is incorporated herein by reference.

Grant of Restricted Stock Units

On April 17, 2019, in connection with Mr. Whyte's appointment as Chief Human Resources Officer, the Company granted an aggregate of 72,000 restricted stock units ("RSUs") to Mr. Whyte, effective April 22, 2019, pursuant to a restricted stock unit grant agreement (the "Whyte RSU Grant Agreement"). The Whyte RSU Grant Agreement is subject to the terms and conditions of the Company's 2017 Stock Incentive Plan, as amended and restated, and generally provides for the following terms:

- One-third of the RSUs granted will vest in equal installments on each of April 22, 2020, April 22, 2021, and April 22, 2022, provided that Mr. Whyte remains employed on the applicable vesting date. Two-thirds of the RSUs granted will vest based on the extent to which both performance-based and time-based vesting conditions are achieved.
- The performance-based vesting conditions are assessed based on the volume-weighted average price of the Company's common shares as measured over 60 consecutive trading days relative to pre-established price goals.
- Once a performance-based vesting condition is achieved, the RSUs that have become performance vested will time-vest over the two or three-year period following the date on which they became performance vested.
- In the event that Mr. Whyte's employment is terminated due to death, disability, by the Company without "cause" or by the executive's resignation for "good reason" as defined in the Whyte Employment Agreement, subject to execution and non-revocation of a release of claims, a pro-rata portion of the time-vesting RSUs that would have vested on the vesting date immediately following the date of Mr. Whyte's termination of employment will vest, and any performance-based RSUs that have previously performance-vested will immediately vest upon the termination. Any performance-based RSUs that have not performance-vested will automatically expire and terminate for no consideration as of the date of Mr. Whyte's termination of employment.

The foregoing description of the Whyte RSU Grant Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the form of RSU Grant Agreement, of which a copy was filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2019.

Appointment of General Counsel and Corporate Secretary

On April 15, 2019, the Board of Directors of the Company appointed Mr. Kason D. Kerr as Vice President, General Counsel and Corporate Secretary of the Company, effective April 22, 2019. Mr. Kerr, age 35, previously worked at Halcon Resources Corporation, a publicly traded exploration and production company, from September 2012 to April 2019. He most recently served as Halcon's Deputy General Counsel, Corporate, where he worked primarily on the company's capital markets transactions, acquisitions and divestitures, upstream and midstream activities. Prior to that, he was a capital markets attorney at the law firm of Latham & Watkins LLP and a corporate attorney at the law firm of Bracewell LLP. Mr. Kerr holds a B.B.A. degree in finance, with honors, from the University of Texas at Austin and a J.D. from the University of Houston Law Center.

Mr. Kerr was not appointed pursuant to any arrangement or understanding with any other person, and there are no transactions with Mr. Kerr that would be reportable under Item 404(a) of Regulation S-K.

Employment Agreement

On April 22, 2019, the Company entered into an employment agreement with Mr. Kerr (the “Kerr Employment Agreement”). The Kerr Employment Agreement provides Mr. Kerr with an initial base salary of \$350,000 per year; eligibility to receive cash-based incentive compensation pursuant to the Company’s short-term incentive programs as in effect from time to time with a target amount equal to 75% of his annual base salary; and eligibility to receive grants of equity-based incentive compensation in the form of restricted stock units and performance-based restricted stock units. The Kerr Employment Agreement also provides Mr. Kerr with other benefits, including health insurance and the opportunity to participate in a 401(k) plan, to the same extent as such benefits are available to the Company’s other salaried employees.

The Kerr Employment Agreement provides that either the Company or Mr. Kerr can terminate his employment relationship. The Company’s right to terminate the employment relationship is subject to its obligation to make certain severance payments and provide certain other benefits to Mr. Kerr, depending upon the circumstances under which the employment relationship is terminated. Under the Kerr Employment Agreement, the Company is generally not obligated to provide any severance payments or benefits if Mr. Kerr is terminated for cause or if Mr. Kerr resigns without good reason, and the Company is generally obligated to provide the severance payments and benefits if the Company terminates him without cause, or if he resigns with good reason (each, as defined in the Kerr Employment Agreement). In the event Mr. Kerr’s employment is terminated by the Company without cause, or in the event Mr. Kerr resigns for good reason, the Company will be obligated (subject to Mr. Kerr’s timely execution and non-revocation of a release of claims) to provide Mr. Kerr with the following severance benefits: (i) payment of any accrued but unpaid compensation as of the termination date, (ii) payment of a portion of Mr. Kerr’s annual cash incentive compensation based on the Company’s actual performance at the conclusion of the performance period without proration, (iii) a lump-sum payment equal to Mr. Kerr’s then-current annual base salary, and (iv) continued coverage under the Company’s health and welfare benefits programs for the shorter of (x) 12 months following Mr. Kerr’s termination and (y) the date on which Mr. Kerr is eligible for comparable coverage under a subsequent employer.

The Kerr Employment Agreement also contains various other ordinary and customary covenants for the Company’s benefit by Mr. Kerr with respect to inventions, non-competition, non-solicitation, non-disparagement, confidentiality, and cooperation and assistance with respect to litigation or other adjudicatory proceedings.

The foregoing description of the Kerr Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Kerr Employment Agreement, of which a copy is attached hereto as Exhibit 10.2 and is incorporated herein by reference.

Grant of Restricted Stock Units

On April 17, 2019, in connection with Mr. Kerr’s appointment as General Counsel and Corporate Secretary, the Company granted an aggregate of 255,000 restricted stock units (“RSUs”) to Mr. Kerr, effective April 22, 2019, pursuant to a restricted stock unit grant agreement (the “Kerr RSU Grant Agreement”). The Kerr RSU Grant Agreement is subject to the terms and conditions of the Company’s 2017 Stock Incentive Plan, as amended and restated, and generally provides for the following terms:

- One-third of the RSUs granted will vest in equal installments on each of April 22, 2020, April 22, 2021, and April 22, 2022, provided that Mr. Kerr remains employed on the applicable vesting date. Two-thirds of the RSUs granted will vest based on the extent to which both performance-based and time-based vesting conditions are achieved.
- The performance-based vesting conditions are assessed based on the volume-weighted average price of the Company’s common shares as measured over 60 consecutive trading days relative to pre-established price goals.
- Once a performance-based vesting condition is achieved, the RSUs that have become performance vested will time-vest over the two or three-year period following the date on which they became performance vested.
- In the event that Mr. Kerr’s employment is terminated due to death, disability, by the Company without “cause” or by the executive’s resignation for “good reason” as defined in the Kerr Employment Agreement, subject to execution and non-revocation of a release of claims, a pro-rata portion of the time-vesting RSUs that would have vested on the vesting date immediately following the date of Mr. Kerr’s termination of employment will vest, and any performance-based RSUs that have previously performance-vested will immediately vest upon the termination. Any performance-based RSUs that have not performance-vested will automatically expire and terminate for no consideration as of the date of Mr. Kerr’s termination of employment.

The foregoing description of the Kerr RSU Grant Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the form of the RSU Grant Agreement, of which a copy was filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2019.

ITEM 6. EXHIBITS

(a) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
2.1	<u>Debtors' Second Amended Joint Chapter 11 Plan of Reorganization (incorporated by reference to Exhibit A of the Order Confirming Debtors' Second Amended Joint Chapter 11 Plan of Reorganization, filed as Exhibit 99.1 to the Current Report on Form 8-K filed by Ultra Petroleum Corp. on March 16, 2017).</u>
*3.1	<u>Restated Articles of Reorganization of Ultra Petroleum Corp.</u>
3.2	<u>Second Amended and Restated Bylaw No. 1 of Ultra Petroleum Corp. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Ultra Petroleum Corp. on March 12, 2018).</u>
4.1	<u>Specimen Common Share Certificate (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by Ultra Petroleum Corp. on April 18, 2017).</u>
4.2	<u>Indenture dated as of April 12, 2017 among Ultra Resources, Inc., Ultra Petroleum Corp., the subsidiary guarantors party thereto and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed by Ultra Petroleum Corp. on April 18, 2017).</u>
4.3	<u>First Supplemental Indenture dated as of December 21, 2018, to Indenture dated as of April 12, 2017, among Ultra Resources, Inc., Ultra Petroleum Corp., the subsidiary guarantors party thereto, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed by Ultra Petroleum Corp. on December 26, 2018).</u>
4.4	<u>Indenture dated as of December 21, 2018, among Ultra Resources, Inc., Ultra Petroleum Corp., the subsidiary guarantors party thereto, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by Ultra Petroleum Corp. on December 26, 2018).</u>
4.5	<u>First Supplemental Indenture dated as of January 22, 2019, to Indenture dated as of December 21, 2018, among Ultra Petroleum Corp., Ultra Resources, Inc., the subsidiary guarantors party thereto, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by Ultra Petroleum Corp. on January 25, 2019).</u>
4.6	<u>Second Supplemental Indenture dated as of January 23, 2019, to Indenture dated as of December 21, 2018, among Ultra Petroleum Corp., Ultra Resources, Inc., the subsidiary guarantors party thereto, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed by Ultra Petroleum Corp. on January 25, 2019).</u>
4.7	<u>Third Supplemental Indenture dated as of February 4, 2019, to Indenture dated as of December 21, 2018, among Ultra Petroleum Corp., Ultra Resources, Inc., the subsidiary guarantors party thereto, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.7 to the Annual Report on Form 10-K filed by Ultra Petroleum Corp. on March 7, 2019).</u>
4.8	<u>Fourth Supplemental Indenture dated as of February 13, 2019, to Indenture dated as of December 21, 2018, among Ultra Petroleum Corp., Ultra Resources, Inc., the subsidiary guarantors party thereto, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.8 to the Annual Report on Form 10-K filed by Ultra Petroleum Corp. on March 7, 2019).</u>
4.9	<u>Fifth Supplemental Indenture dated as of February 15, 2019, to Indenture dated as of December 21, 2018, among Ultra Petroleum Corp., Ultra Resources, Inc., the subsidiary guarantors party thereto, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.9 to the Annual Report on Form 10-K filed by Ultra Petroleum Corp. on March 7, 2019).</u>
10.1	<u>Fourth Amendment to Credit Agreement dated as of February 14, 2019, among Ultra Resources, Inc. as borrower, Bank of Montreal, as administrative agent, and each of the lenders and other parties party thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Ultra Petroleum Corp. on February 19, 2019).</u>
*#10.2	<u>Employment Agreement dated as of April 22, 2019 by and between Ultra Petroleum Corp. and Kason Kerr.</u>
*#10.3	<u>Employment Agreement dated as of April 22, 2019 by and between Ultra Petroleum Corp. and Jamie Whyte.</u>

#10.4	<u>Employment Agreement dated as of June 17, 2019 by and between Ultra Petroleum Corp. and Mark Solomon (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Ultra Petroleum Corp. on June 20, 2019).</u>
#10.5	<u>Form of Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.4 to the Form 10-Q filed by Ultra Petroleum Corp. on May 9, 2019).</u>
#10.6	<u>Form of Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.5 to the Form 10-Q filed by Ultra Petroleum Corp. on May 9, 2019).</u>
*31.1	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
*31.2	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
**32.1	<u>Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
**32.2	<u>Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
**101.INS	XBRL Instance Document.
**101.SCH	XBRL Taxonomy Extension Schema Document.
**101.CAL	XBRL Taxonomy Calculation Linkbase Document.
**101.LAB	XBRL Label Linkbase Document.
**101.PRE	XBRL Presentation Linkbase Document.
**101.DEF	XBRL Taxonomy Extension Definition.

* Filed herewith

** Furnished herewith

Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-Q pursuant to Item 15(b)

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/ Brad Johnson
Name: Brad Johnson
Title: President and Chief Executive Officer

Date: August 9, 2019

By: /s/ David W. Honeyfield
Name: David W. Honeyfield
Title: Senior Vice President and Chief Financial Officer

Date: August 9, 2019

By: /s/ Mark T. Solomon
Name: Mark T. Solomon
Title: Vice President – Controller and Chief Accounting Officer

Date: August 9, 2019

Yukon

community Services
Services aux collectivités

Business Corporation Act (Subsection 182(2)) **Form 11**
RESTATED ARTICLES OF INCORPORATION
Loi sur les sociétés par actions (Paragraphe 182(2)) **Formule 11**
STATUTS CONSTITUTIFS MIS À JOUR

Attach additional page(s) if necessary / *Annexer des feuilles supplémentaires au besoin*

1. Name of corporation / Dénomination sociale de la société par actions :

Ultra Pet roleum Corp.

2. Yukon registry number / Numéro d'enregistrement au Yukon :

527812

3. The classes of shares that the corporation is authorized to issue (including the information required by para.8(1)(b) of the Business corporations Act) :
Catégories d'actions que la société est autorisée à émettre (y compris les renseignements obligatoires en vertu de l'alinéa 8(1)(b) de la Loi sur les sociétés par actions) :

See the attached Schedule A which is incorporated into and forms part of this form.

4. Restrictions, if any, on Share transfers / Restrictions, le cas échéant, sur les transferts d'actions :

None.

5. Number of directors (or minimum and maximum number) :
Nombre d'administrateurs (ou le nombre minimal et maximal) :

See the attached Schedule A.

6. Restrictions, if any, on business the corporation may carry on (including the restrictions in para. 18(1)(h) of the Yukon Act (Canada)) :
Restrictions, le cas échéant, aux activités commerciales que peut exercer la société par actions (y compris les restrictions prévues à l'alinéa 18(1)h) de la Loi sur le Yukon (Canada) :

The corporation is restricted from carrying on the business of a railway, steamship, air transport, canal, telegraph, telephone or irrigation company.

7. Other provisions, if any / Autres clauses, le cas échéant :

See the attached Schedule A.

8. Name of individual signing / Nom du signataire :

Kerr

Last Name / *Nom de famille*

Kason

First Name / *Prénom*

9. Title of individual signing / Titre du signataire :

Vice President, General Counsel and Corporate Secretary

Director, officer, or authorized agent / *Administrateur, dirigeant ou mandataire autorisé*

10. I certify that these restated Articles of Incorporation correctly set out, without substantive change, the corresponding provisions of the original Articles of Incorporation and all amendments to them. *J'atteste que les présents statuts constitutifs mis à jour contiennent, sans modifications importantes, les dispositions correspondantes des statuts constitutifs originaux avec les modifications qui y ont été apportées.*


Signature / Signature

11. Date of signature / *Date de signature* :

2019-05-24
YYYY/AAAA MM/MM DD/JJ

Your personal information contained in this form is collected under the authority of the *Business Corporations Act RSY 2002, c.20*. It will be used for the purposes of that Act and its regulations and for other lawful purposes. This includes the compilation of a public registry. Any person is entitled to examine the information contained in this public registry, and make copies or extracts thereof. For further information, contact the Manager, Corporate Registries at (867) 633-7969, toll free within Yukon 1-800-661-0408, ext 7969.

Les renseignements personnels contenus dans la présente formule sont recueillis sous le régime de la Loi sur les sociétés par actions, LRY 2002, ch. 20. Ils seront utilisés aux fins de cette loi et de ses règlements et à d'autres fins légitimes, notamment pour constituer un registre public. Il est permis à toute personne d'examiner les renseignements contenus dans ce registre public et de faire des copies ou d'obtenir des extraits. Pour de plus amples renseignements, veuillez communiquer avec le Responsable, Registres des entreprises au 867-633-7969, sans frais au Yukon 1-800-661-0408, poste 7969.

SCHEDULE "A"

To the RESTATED ARTICLES OF INCORPORATION of ULTRA PETROLEUM CORP.

1. The classes and any maximum number of shares that the Corporation is authorized to issue:

The Corporation is authorized to issue an unlimited number of shares without nominal or par value and the authorized capital of the Corporation is to be divided into:

- 1.1 common shares which shall have attached thereto the following preferences, rights, conditions, restrictions, limitations, or prohibitions:

(a) Voting

Holders of common shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and shall have one vote for each common share held at all meetings of the shareholders of the Corporation, except meetings at which only holders of another specified class of shares of the Corporation are entitled to vote separately.

(b) Dividends

Subject to the prior rights of the holders of preferred shares and any other shares ranking senior to the common shares with respect to priority in the payment of dividends, the holders of common shares shall be entitled to receive dividends and the Corporation shall pay dividends thereon, as and when declared by the board of directors of the Corporation (the "Board") out of moneys properly applicable to the payment of dividends, in such amount and in such form as the Board may from time to time determine and all dividends which the Board may declare on the common shares shall be declared and paid in equal amounts per share on all common shares at the time outstanding.

(c) Participation in Assets on Dissolution

In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, subject to the prior rights of the holders of the preferred shares and any other shares ranking senior to the common shares with respect to priority in the distribution of assets upon dissolution, liquidation, winding-up or distribution for the purpose of winding-up, the holders of the common shares shall be entitled to receive the remaining property and assets of the Corporation.

1.2 preferred shares which shall have attached thereto the following preferences, rights, conditions, restrictions, limitations, or prohibitions:

(a) Board's Authority to Issue in One or More Series

The Board may issue the preferred shares at any time and from time to time in one or more series. Before the first shares of any particular series are issued, the Board shall fix the number of preferred shares in such series and determine, subject to the limitations in the Articles, the designation, rights, privileges, restrictions and conditions attached to the shares of such series including without limitation, the rate or rates, amount or method or methods of calculation of dividends thereon, the time and place of payment of dividends, whether cumulative or non-cumulative or partially cumulative and whether such rate, amount or method of calculation shall be subject to change or adjustment in the future, the currency or currencies of payment of dividends, the priorities thereof in relation to other shares or the priorities of other shares in relation thereto, if any, the consideration and the terms and conditions of any purchase for cancellation, retraction or redemption rights, if any, the conversion or exchange rights attached thereto, if any, the voting rights attached thereto, if any, and the terms and conditions of any share purchase plan or sinking fund with respect thereto. Before the issue of the first shares of a series, the Board shall send to the Registrar, as defined in the Yukon *Business Corporations Act*, Articles of Amendment containing the description of such series including the designation, rights, privileges, restrictions and conditions attached thereto as determined by the Board.

(b) Ranking of Preferred Shares

No rights, privileges, restrictions or conditions attached to a series of preferred shares shall confer upon a series a priority in respect of voting dividends or return of capital over any other series of preferred shares then outstanding. The preferred shares shall be entitled to priority over the common shares of the Corporation and over any other shares of the Corporation ranking junior to the preferred shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If any cumulative dividends or amounts payable on a return of capital in respect of a series of preferred shares are not paid in full the preferred shares of all series shall participate rateably in respect of such dividends, including accumulations, of any, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full, provided however, that in the event of there being insufficient assets to satisfy in full all such claims to dividends and return of capital, the claims of the holders of the preferred shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the

payment and satisfaction of claims in respect of dividends. After payment to the holders of preferred shares of each series of the amounts of dividends and capital payable in accordance with these provisions and the rights, privileges and restrictions attached to each series of preferred shares, the holders of preferred shares shall not be entitled to share in any further distribution of the property and assets of the Corporation. The preferred shares of any series may also be given such other preferences, consistent with the Articles, over the common shares and over any other shares ranking junior to the preferred shares as may be determined in the case of such series of preferred shares.

(c) Approval of Holders of Preferred Shares

The rights, privileges, restrictions and conditions attaching to the preferred shares as a class may be added to, changed or removed but only with the approval of the holders of the preferred shares given as hereinafter specified.

The approval of the holders of preferred shares to add to, change or remove any rights, privilege, restriction or condition attaching to the preferred shares as a class or to any other matter requiring the consent of the holders of the preferred shares as a class may be given in such manner as may then be required by law, subject to a minimum requirement that such approval shall be given by resolution passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of preferred shares duly called for that purpose. The formalities to be observed in respect of the giving of notice of any such meeting or any adjourned meeting and the conduct thereof shall be those from time to time required by the *Yukon Business Corporations Act* (as from time to time amended, varied or replaced) and prescribed in the Bylaws of the Corporation with respect to meetings of shareholders. On every poll taken at a meeting of holders of preferred shares as a class, each holder entitled to vote thereat shall have one vote in respect of each preferred share held by him.

2. The minimum number of directors of the Corporation is three and the maximum number of directors of the Corporation is nine. At each annual meeting of shareholders, directors shall be elected for a term of office to expire on the close of the next succeeding annual meeting of shareholders.

3. Other provisions:

3.1 Non-voting shares are prohibited.

3.2 A meeting of the shareholders of the Corporation may, in the Board's unfettered discretion, be held at any location in North America and Europe specified by the Board in the Notice of such meeting.

3.3 The Board may, between annual general meetings, appoint one or more additional directors of the Corporation to serve until the next annual general meeting, but the number of additional directors shall not at any time exceed one third of the number of directors who held office at the expiration of the last annual general meeting of the Corporation, provided that the total number of directors shall not exceed the maximum number of directors fixed pursuant to the Articles.



Ultra Petroleum

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into by and between ULTRA PETROLEUM CORP., a Yukon corporation ("Ultra"), and KASON KERR ("Executive").

WHEREAS, Ultra desires to employ Executive and to embody herein the terms of such employment, and considers it to be in its best interests and in the best interests of its stockholders to employ Executive during the Employment Period (as defined in Section 1 below); and

WHEREAS, Executive is willing to accept such employment with Ultra upon the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Effective Date; Employment Period.
 - (a) This Agreement is effective as of April 22, 2019 (the "Effective Date").
 - (b) The employment period under this Agreement begins on the Effective Date and shall continue until the termination of Executive's employment under this Agreement (the "Employment Period").
2. Positions and Duties. While this Agreement is in effect:
 - (a) Executive shall serve as the Vice President, General Counsel and Corporate Secretary of Ultra and shall have the normal authority, responsibilities and duties of an executive in such position and such other reasonably related duties and responsibilities, in each case, that are assigned by Ultra.
 - (b) Executive shall report to the Chief Executive Officer of Ultra.
 - (c) Executive agrees to devote his full business time and attention to the business and affairs of Ultra; provided, however, that Executive may also manage his personal, financial, and legal affairs and engage in other passive professional, charitable or community activities so long as such other activities do not conflict with Ultra's interests, interfere with Executive's duties and responsibilities to Ultra or the Subsidiaries, or violate any of Executive's duties and obligations hereunder.

- (d) Executive agrees to comply with and, where applicable, enforce the policies of Ultra and of the Subsidiaries, including, without limitation, such policies with respect to legal compliance, conflicts of interest, confidentiality, professional conduct and business ethics as are from time to time in effect. Executive shall cooperate with any investigation or inquiry authorized by the Board or conducted by a governmental authority related to the business of Ultra or any of the Subsidiaries or Executive's performance under this Agreement.

3. Compensation and Reimbursements. While this Agreement is in effect:

(a) *Base Salary*.

- (i) Beginning on the Effective Date and continuing during the Employment Period, Ultra agrees to pay Executive a base salary (the "Base Salary") at the annual rate of \$350,000, payable in regular installments in accordance with Ultra's usual payroll practices.
- (ii) Executive's Base Salary will be reviewed at least annually by the Compensation Committee of the Board (the "Compensation Committee") and may be adjusted in its sole discretion.

(b) *Incentive Compensation (Cash)*.

- (i) Executive shall be eligible to receive cash incentive compensation (any such compensation, a "Cash Incentive") pursuant to the short-term incentive program for Ultra established by the Compensation Committee for senior executives of Ultra (such program, the "AIP"). Executive's target Cash Incentive amount shall be equal to seventy-five percent (75%) of Executive's Base Salary (the "Target AIP Amount").
- (ii) Executive's Target AIP Amount will be reviewed at least annually by the Compensation Committee and may be adjusted in its sole discretion.
- (iii) During the first quarter after the end of the performance period applicable to an AIP, the Compensation Committee will evaluate Ultra's performance compared to the performance targets and goals in the then-applicable AIP and determine the aggregate amount that has been earned by participants under the AIP. Thereafter, the Compensation Committee shall determine, taking into account Executive's performance, the amount of any AIP payout to Executive, which may be between 0% and 200% of Executive's Target AIP Amount, and cause Ultra to pay the applicable Cash Incentive, if any, to Executive by no later than March 15th of the calendar year following the end of the performance period.
- (iv) Executive must be employed by Ultra on the date a Cash Incentive is to be paid in order to receive the payment.

- (c) *Incentive Compensation (Equity)*. Executive shall be eligible to participate in Ultra's Stock Incentive Plan (defined below), and may receive periodic equity or equity-based grants, which Ultra expects will be awarded annually, pursuant to that Plan at the discretion of the Compensation Committee. The terms and conditions of any such grants shall be specified at the time of grant in award agreements specific to each such grant.
- (d) *Employee Benefits and Insurance*.
 - (i) Executive is entitled to participate in and receive full rights and benefits available under all of the following, to the extent existing on the Effective Date or enacted or implemented after the Effective Date: life insurance; disability insurance; directors and officers liability insurance; health and accident plans, including medical, dental and vision plans; 401(k) plan; and any other welfare, fringe or employee benefits plans or programs implemented by Ultra or any of the Subsidiaries.
 - (ii) Ultra is not required to have or maintain any employee benefit programs or insurance, and Ultra may modify any employee benefit programs or insurance applicable to Executive.
- (e) *Vacation*. Executive shall be entitled to paid vacation equal to 4 weeks, such vacation to be taken in accordance with Ultra's vacation policy; provided, however, Executive's vacations shall be taken at times that are consistent with Ultra's reasonable business needs; and, provided, further, that Executive agrees not to take vacation for more than ten (10) consecutive business days at any given time without prior consent from Executive's Supervisor.
- (f) *Business Expenses; Reimbursement*. Ultra shall reimburse Executive for all reasonable business expenses incurred during the performance of Executive's duties hereunder to the extent consistent with its written policies in effect from time to time, including with respect to the reporting and documentation of such expenses.

4. Termination of Employment. While this Agreement is in effect:

- (a) Ultra may terminate Executive's employment at any time and for whatever reason, and Executive may resign Executive's employment at any time and for whatever reason upon no less than 30 days' notice. The remaining clauses of this Section 4(a) set forth and shall determine the respective rights and obligations of Ultra and Executive arising upon and resulting from any such termination or resignation. The definitions of certain capitalized terms used in this Section 4 are set forth in Section 4(b).

- (i) *Termination by Ultra: For "Cause."*
 - (A) If Cause exists, then Ultra may terminate Executive's employment for Cause; provided that if Ultra elects to terminate Executive's employment for Cause, then Ultra shall provide written notice to Executive specifying that Ultra is terminating Executive's employment for Cause, providing a reasonable description of the basis therefor, and specifying the effective date of such termination, which may be immediate.
 - (B) If Executive's employment is terminated for Cause, then Ultra shall pay Executive any Accrued Obligations as of the Termination Date but shall have no other obligation to pay or provide Executive any severance or benefits, and Executive shall have no right to any other payments, severance or other benefits.
 - (C) In addition, if Executive's employment is terminated for Cause, Executive will forfeit all outstanding Equity Incentives and any other outstanding equity awards of Ultra, whether vested or unvested, and will remain bound by any Ultra clawback policy in effect as of the date of termination.
- (ii) *Termination by Ultra: Without "Cause."*
 - (A) Ultra may terminate Executive's employment without Cause; provided that if Ultra elects to terminate Executive's employment without Cause, then Ultra shall provide written notice to Executive specifying that Ultra is terminating Executive's employment without Cause and specifying the effective date of such termination, which may be immediate.
 - (B) If Executive's employment is terminated without Cause, then Ultra shall pay or provide to Executive: (i) any Accrued Obligations as of the Termination Date, (ii) the Severance Cash Incentive, (iii) the Severance Payment; and (iv) the Severance Benefits. Ultra will have no other obligation to pay Executive any other severance or termination benefits.
- (iii) *Resignation by Executive: Without "Good Reason."*
 - (A) Executive may resign Executive's employment for any reason; provided that if Executive elects to resign, then Executive shall provide written notice to Ultra specifying that Executive is resigning and specifying the effective date thereof, which shall be no less than 30 days after delivery of such notice.
 - (B) If Executive resigns Executive's employment, then Ultra shall pay Executive any Accrued Obligations as of the Termination Date but shall have no other obligation to pay or provide Executive any severance or benefits, and Executive shall have no right to any other payments, severance or other benefits.

- (iv) *Resignation by Executive: With “Good Reason.”*
- (A) Executive may resign Executive’s employment with Ultra with Good Reason; provided that Executive shall provide written notice to Ultra specifying that Executive is resigning with Good Reason within 30 days following the initial occurrence of the event constituting Good Reason, Ultra fails to remedy such condition, if curable, within 30 days following the receipt of such notice, and Executive resigns Executive’s employment with Ultra within 30 days of the expiration of such 30 day cure period.
- (B) If Executive’s resigns Executive’s employment with Good Reason, then Ultra shall pay or provide to Executive: (i) any Accrued Obligations as of the Termination Date, (ii) the Severance Cash Incentive, (iii) the Severance Payment; and (iv) the Severance Benefits. Ultra will have no other obligation to pay Executive any other severance or termination benefits.
- (v) *Executive’s “Disability.”*
- (A) Ultra may terminate Executive’s employment and officer and director positions upon a determination that Executive has suffered a Disability; provided, however, that if Ultra elects to terminate Executive’s employment because Executive has suffered a Disability, Ultra must provide written notice to Executive specifying that Ultra is terminating Executive’s employment as a result of a Disability and specifying the effective date thereof, which may be immediate.
- (B) Upon a termination of Executive’s employment due to Disability, Executive shall be entitled to receive, and Ultra shall pay to Executive, as promptly as possible, any Accrued Obligations as of the Termination Date and the Severance Cash Incentive.
- (vi) *Executive’s Death.*
- (A) Executive’s employment and officer and director positions shall terminate upon Executive’s death. In the event of Executive’s death, the Termination Date shall be deemed to be the date of Executive’s death.
- (B) Upon Executive’s death, Executive’s estate shall be entitled to receive, and Ultra shall pay to Executive’s estate, as promptly as possible, any Accrued Obligations as of the Termination Date and the Severance Cash Incentive.

- (vii) *Timing of Payments and Benefits.* The payments and benefits contemplated in this Section 4(a) shall be provided to Executive at the times and in the manner specified below:
- (A) The Accrued Obligations shall be paid pursuant to Ultra's standard payroll and other practices and at the time and in the manner required by applicable law but in no event later than thirty days after the Termination Date; provided, however, the Accrued Obligations described in clause (C) of the definition of Accrued Obligations shall be paid or provided at the time and pursuant to the terms of the applicable plans or programs at the Termination Date.
 - (B) The Severance Cash Incentive shall be paid as soon as is administratively feasible after the end of the performance period for the applicable Cash Incentive, but in no event later than March 15 of the calendar year following the calendar year to which such Cash Incentive relates.
 - (C) The Severance Benefits shall be paid or provided at the time and pursuant to the terms of the applicable plans or programs at the Termination Date.
 - (D) The Severance Payment shall be paid in cash and in a lump sum within thirty (30) days following Executive's timely execution and non-revocation of the release of claims in favor of Ultra as described in Section 4(e).

(b) As used herein, the following terms have the following meanings:

- (i) "Accrued Obligations" means, collectively: (A) any accrued and unpaid Base Salary through Termination Date; (B) any unreimbursed Business Expenses incurred and paid by Executive up to and including the Termination Date; and (C) any other vested compensation or benefits payable to Executive based on the express terms of Ultra's compensation or benefit plans or programs and Executive's participation therein.
- (ii) "Cause" means the occurrence of one or more of the following as determined by the Board:
 - (A) Executive's willful misconduct or gross negligence in the performance of Executive's duties to Ultra; or
 - (B) Executive's repeated failure to perform Executive's duties to Ultra or to follow the lawful directives of the Board or other applicable supervisor (other than as a result of death or physical or mental incapacity); or

- (C) Executive's commission of, indictment for, conviction of, or pleading of guilty or nolo contendere to, a felony or any crime involving moral turpitude; or
 - (D) Executive's performance of any act of theft, embezzlement, fraud, malfeasance, dishonesty or misappropriation of Ultra's or any of its customer's, supplier's or distributor's property; or
 - (E) Executive's use of illegal drugs or Executive's abuse of alcohol that materially impairs Executive's ability to perform Executive's duties to Ultra; or
 - (F) Executive's material breach of any fiduciary duty owed to Ultra (including, without limitation, the duty of care and the duty of loyalty); or
 - (G) Executive's material breach of any agreement with Ultra, or a material violation of Ultra's code of conduct or other written policy.
 - (H) Notwithstanding anything to the contrary contained herein, Executive's resignation after an event that would be grounds for a termination for Cause shall be treated as a termination for Cause.
- (iii) "Disability" means Executive's inability to perform the essential duties, responsibilities and functions of Executive's positions as a result of a physical illness or impairment, a mental illness or impairment, or another physical, mental or legal incapacity, during a period of twelve consecutive weeks or a cumulative period of ninety days during any twelve-month period.
- (iv) "Good Reason" means the occurrence of one or more of the following as determined by the Board:
- (A) Any material reduction of Executive's then-existing annual Base Salary or Target AIP Amount;
 - (B) Any material diminution of Executive's duties, responsibilities or authority set forth in Section 2, unless Executive consents in writing to any such diminution; or
 - (C) A relocation of Executive's principal workplace to a work site that would increase Executive's one-way commute distance by more than fifty (50) miles from Executive's then existing workplace, unless Executive consents in writing to such relocation.

- (v) “Severance Benefits” means the benefits described in Section 3(d)(i) hereof, which Ultra shall make available to Executive, at Ultra’s cost and expense, for a period beginning on the Termination Date and continuing for 12 months or, if earlier occurring, such time as Executive obtains other employment that provides Executive with benefits at least as favorable to Executive as the benefits described in Section 3(d)(i) hereof.
 - (vi) “Severance Cash Incentive” means the Cash Incentive which Executive would have earned pursuant to Section 3(b) hereof for the calendar year during which the Termination Date occurred, as determined based on Executive’s Target AIP Amount and Ultra’s performance relative to the performance targets and goals specified in the applicable AIP and paid without proration.
 - (vii) “Severance Payment” means an amount, payable in U.S. dollars, equal to the sum of: (x) one hundred percent (100%) of Executive’s Base Salary in effect on the Termination Date and (y) any Cash Incentive earned, but not yet paid, for the year prior to the year of termination.
 - (viii) “Stock Incentive Plan” means the Ultra Petroleum Corp. 2017 Amended and Restated Stock Incentive Plan, dated and effective as of June 8, 2018.
 - (ix) “Termination Date” means the effective date of a termination or resignation, as applicable, as specified or provided for under Section 4(a) above.
- (c) *Resignations.* Upon any termination of Executive’s employment hereunder for any reason:
- (i) Executive agrees to resign from all officer, director, and other positions Executive may then hold with Ultra and each of the Subsidiaries and any other affiliates of Ultra or any Subsidiary existing at such time; and
 - (ii) Executive agrees to execute and deliver any reasonable documentation requested by Ultra or any Subsidiary reflecting such resignations.
 - (iii) Notwithstanding the foregoing and for the avoidance of doubt, any termination of Executive’s employment shall constitute and be deemed to signify an automatic resignation of Executive, as of the Termination Date, from all positions he then holds as an employee, officer, director, manager or other service provider to Ultra and each Subsidiary.

- (d) *Exclusive Compensation and Benefits; Time Periods.* The compensation and benefits described in this Section 4, along with the associated terms for payment, constitute all of Ultra's obligations to Executive and all of Executive rights with respect to Ultra in connection with any termination of Executive's employment; provided, however, that nothing herein, is intended to limit any rights Executive may have to continue or convert insurance coverage under certain employee benefit plans in accordance with the terms of those plans and applicable law and further provided that nothing herein is intended to limit any rights Executive has pursuant to the Stock Incentive Plan. Time periods applicable to the determination of a Severance Payment amount shall include periods prior to the Effective Date, as applicable.
- (e) *Conditions, Release of Claims.* Any and all amounts payable and benefits or additional rights provided pursuant to this Agreement beyond the Accrued Obligations shall only be payable if Executive delivers to Ultra and does not revoke a general release of claims in favor of Ultra in Ultra's then customary form. Such release shall be executed and delivered (and no longer subject to revocation, if applicable) within sixty (60) days following termination. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be reduced by any compensation earned by Executive as a result of employment by a subsequent employer. Subject to the provisions of Schedule 1 hereof and the limitations of applicable wage laws, Ultra's obligation to pay Executive amounts hereunder shall be subject to set-off, counterclaim or recoupment of amounts owed by Executive to Ultra or any of its affiliates.

5. Tax Matters. The provisions of Schedule 1 attached hereto setting out the parties intent with respect to certain tax matters and addressing the applicability of certain provisions of the Internal Revenue Code of 1986 and the regulations and guidance promulgated thereunder apply to the matters addressed herein as though set forth in full herein and are deemed incorporated into this Agreement for all purposes.

6. Confidential Information.

- (a) Executive agrees to maintain all Confidential Information in confidence in a fiduciary capacity for the exclusive benefit of Ultra and the Subsidiaries and further agrees not to disclose, directly or indirectly, any of the Confidential Information except as and to the extent required for the performance of Executive's duties, responsibilities or functions under this Agreement.
- (b) Executive acknowledges that money damages would not be a sufficient remedy for any breach of this Section 6 by Executive, and Executive agrees that Ultra or any affected Subsidiary may enforce the provisions of this Section 6 by obtaining an order for specific performance and/or injunctive relief as remedies for any such breach or threatened breach. Such remedies are not the exclusive remedies for a breach of this Section 6, but shall be in addition to all remedies available at law or in equity to Ultra.

- (c) As used herein, “Confidential Information” means all information and material which is confidential or proprietary to Ultra or any of the Subsidiaries, including any non-public operational, financial or other business information and any trade secrets, whether or not any such information is reduced to writing or other tangible form, whether or not any such information is marked as “confidential” or “proprietary,” and whether or not any such information is prepared by or for Ultra or any of the Subsidiaries.
- (d) At the termination of Executive’s employment hereunder, Executive shall deliver to Ultra all Confidential Information then in Executive’s possession or control and shall not retain or use any copies or summaries thereof.
- (e) Notwithstanding anything to the contrary in this Agreement, Ultra may transfer or assign the benefits of this provision to a party that acquires all or substantially all of Ultra’s assets or all or substantially all of the oil and gas assets owned by the Subsidiaries, taken as a whole.

7. Inventions.

- (a) Executive shall hold any Inventions (as defined below) in trust for the benefit of Ultra, Executive shall disclose any Inventions promptly and fully to Ultra in writing, and Executive hereby assigns any Inventions, and binds his heirs, executors, and administrators to assign any Inventions, to Ultra or its designee.
- (b) Any and all Inventions shall be and are Ultra’s sole and exclusive property, whether patentable, copyrightable, or neither, and Executive shall assist and fully cooperate in every way, at Ultra’s expense, in securing, maintaining, and enforcing, for the benefit of Ultra or its designee, patents, copyrights or other types of proprietary or intellectual property protection for such Developments in any and all countries. Further, all works of authorship created by Executive, solely or jointly with others, shall be considered works made for hire under the Copyright Act of 1976, as amended, and shall be owned entirely by Ultra.
- (c) As used herein, “Inventions” means any and all inventions, discoveries, ideas, concepts, improvements, works of authorship (including copyrightable works), and other developments that are conceived, made, discovered or developed by Executive, solely or jointly with others, during the term of his employment by Ultra, whether during or outside of usual working hours and whether on Ultra’s premises or not, to the extent any of the foregoing relate in any manner to the past, present or anticipated business of Ultra or any of the Subsidiaries.

(d) 18 U.S.C. § 1833(b) provides: “An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.” Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Accordingly, the parties to this Agreement have the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The parties also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

8. Cooperation and Assistance. During a three-year period following a Termination Date, at Ultra’s request Executive will reasonably cooperate in connection with any litigation or other fact-finding or adjudicative proceedings involving Ultra or any Subsidiary, provided Executive is not required to travel beyond the city or town where Executive then lives or to provide assistance that unreasonably interferes with Executive’s employment or other activities or endeavors and Executive is not required to provide over 50 hours assistance during any 12-month period. Ultra will pay Executive a reasonable hourly rate for Executive’s assistance, reimburse Executive for all reasonable out-of-pocket expenses incurred by Executive in connection with rendering such assistance, and provide Executive counsel reasonably suitable to Executive to represent Executive in connection with providing such assistance if Executive reasonably requests.
9. Protected Disclosures and Actions. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede Executive (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. Executive does not need the prior authorization of Ultra to make any such reports or disclosures and Executive shall not be required to notify Ultra that such reports or disclosures have been made.
10. Non-Competition. Executive expressly covenants and agrees that, without the prior written consent of Ultra, during a one-year period beginning on the Termination Date (as determined pursuant to the terms hereof) and ending on the first anniversary of such Termination Date, Executive shall not participate or engage in, directly or indirectly (as an owner, partner, employee, officer, director, independent contractor, consultant, advisor or in any other capacity calling for the rendition of services, advice, or acts of management, operation or control) any business for a Competitor (as defined below) anywhere within (i) Sublette County, Wyoming or (ii) twenty miles of any properties owned by Ultra in the United States on the Termination Date. The term “Competitor” means any business, individual, partnership, firm, corporation or other entity engaged in oil and gas exploration and production.

11. Non-Solicitation. Executive expressly covenants and agrees that, without the prior written consent of Ultra, during a one-year period beginning on the Termination Date (as determined pursuant to the terms hereof) and ending on the first anniversary of such Termination Date, Executive will not directly or indirectly: (i) solicit the employment or engagement as a consultant of any person who is or was an employee of or a consultant to Ultra or any Subsidiary at any time during the last twelve months of Executive's employment with Ultra; or (ii) hire or engage any such person.
12. Non-Disparagement.
- (a) As used herein, the term "Disparaging Remarks" means any statement, whether written or oral, that has the intention or tendency to degrade or diminish or harm the reputation, competence, professionalism, integrity, good character, or standing of an individual or entity in the estimation of a community, including by deterring or having a tendency to deter others from associating, employing, or otherwise dealing with them.
 - (b) Executive agrees not to make or publish any Disparaging Remarks to any other person about: (i) Ultra or any Subsidiary; (ii) any business conducted by Ultra or any Subsidiary; or (iii) any past or present member of Ultra's management or Board in their capacity as such, except as follows: Executive's counsel, immediate family, any party when such disclosure is required by a subpoena issued by a court of competent jurisdiction, or as required by law or court order.
 - (c) Ultra agrees to direct all of its executive officers as of the Effective Date and through the Termination Date (each, a "Designated Individual"), not to make or publish any Disparaging Remarks to any third party about Executive, except as follows: Ultra's counsel, each Designated Individual's counsel, each Designated Individuals' immediate family members, any party when such disclosure is required by a subpoena issued by a court of competent jurisdiction, or as required by law or court order.
 - (d) Nothing in this Section 12 shall be read to prohibit regular and commercially reasonable, acceptable competitive business speech by either Party.
13. Reasonableness of Covenants. In signing this Agreement, Executive gives Ultra assurance that Executive has carefully read and considered all of the terms and conditions of this Agreement, including the restraints imposed under Section 6 through Section 12. Executive agrees that these restraints are necessary for the reasonable and proper protection of Ultra and its affiliates and their Confidential Information and that each and every one of the restraints is reasonable in respect of subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent Executive from obtaining other suitable employment during the period in which Executive is bound by the restraints. Executive acknowledges that each of these covenants has a unique, very substantial and immeasurable value to Ultra and its affiliates and that Executive has sufficient assets and skills to provide a livelihood while such covenants remain in force. Executive further covenants that Executive will not challenge the reasonableness or

enforceability of any of the covenants and that Executive will reimburse Ultra and its affiliates for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of Sections 6 through Section 12 if Executive challenges the reasonableness or enforceability of any of the provisions of Section 6 through Section 12. It is also agreed that each of Ultra's affiliates will have the right to enforce all of Executive's obligations to that affiliate under this Agreement, including without limitation pursuant to Section 6 through Section 12. Upon Executive's material breach of the provisions of Section 6 through Section 12, Executive will be required to repay the Severance Payment to Ultra.

14. Reformation. If it is determined by a court of competent jurisdiction in any state that any restriction in Section 6 through Section 12 is excessive in duration or scope or is unreasonable or unenforceable under applicable law, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the laws of that state.
15. Tolling. In the event of any violation of the provisions of Section 6 through Section 12, Executive acknowledges and agrees that the post-termination restrictions contained in this Section 6 through Section 12 shall be extended by a period of time equal to the period of such violation, it being the intention of the parties hereto that the running of the applicable post-termination restriction period shall be tolled during any period of such violation.
16. Survival of Provisions. The obligations contained in Section 6 through Section 12 hereof shall survive the termination or expiration of the Employment Period and Executive's employment with Ultra and shall be fully enforceable thereafter.
17. General Provisions.
 - (a) *Amendments and Waiver; Prior Agreements.*
 - (i) The terms and provisions of this Agreement may not be modified or amended, nor may any of the provisions hereof be waived, temporarily or permanently, unless such modification or amendment is agreed to in writing and signed by Executive, on the one hand, and by a duly authorized person on behalf of Ultra, on the other hand.
 - (ii) Any failure of any party hereto to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms, and, further, a waiver by a party on one occasion shall not be deemed to be a waiver of the same or any other type of breach on a future occasion.
 - (iii) Except to the extent set forth in the plan or program documents related to the employee benefits plans or programs of Ultra or any of the Subsidiaries, this Agreement supersedes and replaces any other employment agreement between Ultra and Executive. Any such other employment agreement shall no longer be in force and effect.

- (b) *Binding Agreement; Permitted Successors and Assigns.*
- (i) This Agreement shall bind and inure to the benefit of and be enforceable by the parties hereto and their respective successors, permitted assigns, heirs and personal representatives and estates, as the case may be, and this Agreement shall not confer any rights or remedies upon any other person or legal entity.
 - (ii) Neither this Agreement nor any right or obligation hereunder of any party may be assigned or delegated without the prior written consent of the other party; provided, Executive may direct distribution of any benefits or compensation that, upon Executive's death, accrue hereunder.
 - (iii) Executive shall not have any right to pledge, hypothecate, anticipate, or in any way create a lien upon any payments or other benefits provided under this Agreement; and no benefits payable under this Agreement shall be assignable in anticipation of payment either by voluntary or involuntary acts, or by operation of law, except by will or pursuant to the laws of descent and distribution.
- (c) *Survival.* The termination of Executive's employment shall not impair the rights or obligations of any party that have accrued prior to such termination or which by their nature or terms survive termination of the Term, including without limitation the parties' respective obligations under Sections 4 through 12 hereof.
- (d) *Validity.* The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.
- (e) *Governing Law; Jurisdiction; Venue; Jury-Trial Waiver; Fees and Expenses.*
- (i) This Agreement is governed by and shall be construed and enforced in accordance with Colorado law, excluding its choice-of-law principles, except where federal law may preempt the application of state law.
 - (ii) The parties hereto: (A) submit and consent to the exclusive jurisdiction, including removal jurisdiction, of the state and federal courts located in Denver, CO for any action or proceeding relating to this Agreement or Executive's employment; (B) waive any objection to such venue; (C) agree that any judgment in any such action or proceeding may be enforced in other jurisdictions; and (D) irrevocably waive the right to trial by jury and agree not to ask for a jury in any such proceeding.
- (f) *No Obligation to Pay.* With regard to any payment due to Executive under this Agreement, it shall not be a breach of any provision of this Agreement for Ultra to fail to make such payment to Executive if, by doing so, Ultra would violate any applicable law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Employment Agreement intending it to be made effective as of the Effective Date.

ULTRA:

ULTRA PETROLEUM CORP.,
a Yukon corporation

By: /s/ Brad Johnson
Name: Brad Johnson
Title: President and Chief Executive Officer

EXECUTIVE:

/s/ Kason Kerr
Kason Kerr

NOTICE PROVISION:

For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given (i) when received, if delivered personally or by courier, (ii) on the date receipt is acknowledged, if delivered by certified mail, postage prepaid, return receipt requested, or (iii) one day after transmission, if sent by facsimile transmission with confirmation of transmission, as follows:

If to Executive, at:	At the most recent address in Ultra's records.
If to Ultra, at:	Ultra Petroleum Corp. 116 Inverness Drive East, Suite 400 Englewood, Colorado 80112 Attention: Chief Financial Officer With a copy to: Kirkland & Ellis LLP 601 Lexington Avenue New York, New York 10022 Attention: Scott D. Price, P.C.

SIGNATURE PAGE TO EMPLOYMENT AGREEMENT

SCHEDULE 1

TAX MATTERS

I. General Provisions.

- (A) All compensation paid or awarded to Executive hereunder shall be subject to applicable withholding, payroll and other taxes. Accordingly, with respect to any payment to be made to Executive, Ultra shall deduct, where applicable, any amounts authorized by Executive, and shall withhold and report all amounts required to be withheld and reported by applicable law.
- (B) Capitalized terms used in this Schedule 1 but not defined herein have the meanings set forth in the Employment Agreement to which this Schedule 1 is attached and into which it is incorporated.
- (C) The term “Code,” as used herein, means the Title 26 of the United States Code, commonly referred to as the Internal Revenue Code of 1986, as amended.

II. Regarding Excise Taxes.

- (A) If Executive is a “disqualified individual” (as defined in Section 280G(c) of the Code), and the payments and benefits provided for in this Agreement, together with any other payments and benefits which Executive has the right to receive from Ultra or any Subsidiary, would constitute a “parachute payment” (as defined in Section 280G(b)(2) of the Code), then notwithstanding anything herein to the contrary, the payments and benefits provided for in this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Executive from Ultra and its affiliates will be one dollar (\$1.00) less than three times Executive’s “base amount” (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Executive shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to Executive (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes).
- (B) The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder in a similar order.
- (C) The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by Ultra in good faith. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from Ultra (or its affiliates) used in determining if a “parachute payment” exists, exceeds one dollar (\$1.00) less than three times Executive’s base amount, then Executive shall immediately repay such excess to Ultra upon notification that an overpayment has been made.

- (D) Nothing in this Agreement, including the foregoing paragraphs (A) through (C), shall require Ultra to be responsible for, or have any liability or obligation with respect to, Executive's excise tax liabilities under Section 4999 of the Code, if any.

REGARDING CODE SECTION 409A

- III. **Statement of Intent.** The provisions of this Schedule 1 shall apply solely to the extent that a payment under this Agreement is subject to Section 409A of the Code and the regulations and guidance promulgated thereunder (collectively, "Section 409A"). The intent of the parties to this Agreement is that the payments and benefits under this Agreement comply with or be exempt from Section 409A including, but not limited to, the exemptions from the application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5), and 1.409A-(b)(9) and this Agreement will be construed to the greatest extent possible as consistent with those provisions. The commencement of payment or provision of any payment or benefit under this Agreement shall be deferred to the minimum extent necessary to prevent the imposition of any excise taxes on Ultra or Executive.
- IV. **Notification; Reformation.** If Executive receives advice, from an attorney with demonstrable tax expertise, that any provision of this Agreement would cause Executive to incur any additional tax or interest under Section 409A (with specificity as to the reason therefor), and notifies Ultra thereof, or if Ultra independently makes such determination, then Ultra may, to the extent possible and after consulting with Executive, reform such provision to try to comply with Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Section 409A. To the extent that any provision hereof is modified in order to comply with or be exempt from Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and Ultra of the applicable provision without violating the provisions of Section 409A.
- V. **Annual Cash Incentive Payments.** Any Cash Incentive that Executive is awarded or becomes entitled to receive pursuant to Section 3(b) of the Agreement will be paid during the calendar year immediately following the calendar year to which such Cash Incentive relates and will be paid to Executive as soon as administratively feasible following preparation of Ultra's unaudited financial statements for the applicable calendar year.
- VI. **Separation from Service.**
- (A) If any payment, compensation or other benefit provided to Executive under this Agreement in connection with a "*separation from service*" (within the meaning of Section 409A(a)(2)(A)(i)) is determined, in whole or in part, to constitute "*nonqualified deferred compensation*" (within the meaning of Section 409A) and Executive is a "*specified employee*" (as defined in Section 409A(2)(B)(i)) at the time of the separation from service, then notwithstanding anything in the Agreement to the contrary, no part of any such payments shall be paid to Executive before the earlier of (i) the day that is six (6) months plus one (1) day after the date of the separation from service (the "New Payment Date"), (ii) the date of Executive's death, or (iii) any date that otherwise complies with Section 409A.
- (B) The aggregate of any payments and benefits that otherwise would have been paid and/or provided to Executive during the period between the date of the separation from service and the New Payment Date shall be paid to Executive in a lump sum on the date Ultra's first regular payroll is made following the New Payment Date, and no interest will be paid

by Ultra with respect to any such payments and benefits. Thereafter, any payments and/or benefits that remain outstanding as of the day immediately following the New Payment Date shall be paid without delay over the time period originally scheduled, in accordance with the terms of this Agreement.

- (C) For purposes of Section 409A, Executive's right to receive any installment payments pursuant to this Agreement shall be deemed to be and shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., payment shall be made within thirty (30) days), the actual date of payment within such period shall be within the sole discretion of Ultra.
- (D) Notwithstanding anything to the contrary herein, to the extent that the foregoing delay applies to the provision of any ongoing welfare benefits, Executive shall pay the full cost of premiums for such welfare benefits due and payable prior to the New Payment Date, and Ultra shall pay Executive an amount equal to the amount of such premiums which otherwise would have been paid by Ultra during such period on the date Ultra's first regular payroll is made following the New Payment Date.
- (E) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits subject to Section 409A upon or following a termination of employment unless such termination is also a "*separation from service*" (within the meaning of Section 409A), and for purposes of any such provision of this Agreement, references in the Agreement to a "*resignation*," "*termination*," "*resign*," "*terminate*," "*resignation of employment*," "*termination of employment*" or other like terms shall mean "*separation from service*" (within the meaning of Section 409A).
- (F) If in connection with a termination or resignation of Executive's employment under the Agreement, Executive is required to execute a release to receive any payments from Ultra that constitute "*nonqualified deferred compensation*" (within the meaning of Section 409A), then payments of such amounts shall not be made or commence until the sixtieth (60th) day following such termination or resignation. Any payments suspended during such 60 day period shall be paid on the date Ultra's first regular payroll is made after the end of such period.

VII. **Expenses and Reimbursements.**

- (A) This Section VII shall apply to payments of any amounts under this Agreement that are treated as "*reimbursement payments*" under Section 409A.
- (B) All expenses or other reimbursements as provided herein shall be payable in accordance with Ultra's policies in effect from time to time, but in any event shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive to the extent any such payments are subject to Section 409A. Ultra shall have no obligation to reimburse Executive for any expenses submitted after the last day of the taxable year following the taxable year in which such expenses were incurred by Executive.

- (C) With regard to any provision of the Agreement that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A: (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; and (ii) the amount of expenses eligible for reimbursements or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year (other than an arrangement providing for the reimbursement of medical expenses referred to in Section 105(b) of the Code).

VIII. **No Representations or Warranties.**

- (A) Nothing contained in this Agreement shall constitute any representation or warranty by Ultra or Executive regarding compliance with Section 409A.
- (B) Ultra has no obligation to take any action to prevent the assessment of any excise tax under Section 409A on any person, and neither Ultra nor any of the Subsidiaries nor any employee or other representative of Ultra or any of the Subsidiaries shall have any liability to Executive with respect to any such assessment.



Ultra Petroleum

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is entered into by and between ULTRA PETROLEUM CORP., a Yukon corporation (“Ultra”), and JAMIE WHYTE (“Executive”).

WHEREAS, Ultra desires to employ Executive and to embody herein the terms of such employment, and considers it to be in its best interests and in the best interests of its stockholders to employ Executive during the Employment Period (as defined in Section 1 below); and

WHEREAS, Executive is willing to accept such employment with Ultra upon the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Effective Date; Employment Period.
 - (a) This Agreement is effective as of April 22, 2019 (the “Effective Date”).
 - (b) The employment period under this Agreement begins on the Effective Date and shall continue until the termination of Executive’s employment under this Agreement (the “Employment Period”).
2. Positions and Duties. While this Agreement is in effect:
 - (a) Executive shall serve as the Senior Vice President and Chief Human Resources Officer of Ultra and shall have the normal authority, responsibilities and duties of an executive in such position and such other reasonably related duties and responsibilities, in each case, that are assigned by Ultra.
 - (b) Executive shall report to the Chief Executive Officer of Ultra.
 - (c) Executive agrees to devote his full business time and attention to the business and affairs of Ultra; provided, however, that Executive may also manage his personal, financial, and legal affairs and engage in other passive professional, charitable or community activities so long as such other activities do not conflict with Ultra’s interests, interfere with Executive’s duties and responsibilities to Ultra or the Subsidiaries, or violate any of Executive’s duties and obligations hereunder.

- (d) Executive agrees to comply with and, where applicable, enforce the policies of Ultra and of the Subsidiaries, including, without limitation, such policies with respect to legal compliance, conflicts of interest, confidentiality, professional conduct and business ethics as are from time to time in effect. Executive shall cooperate with any investigation or inquiry authorized by the Board or conducted by a governmental authority related to the business of Ultra or any of the Subsidiaries or Executive's performance under this Agreement.

3. Compensation and Reimbursements. While this Agreement is in effect:

(a) *Base Salary*.

- (i) Beginning on the Effective Date and continuing during the Employment Period, Ultra agrees to pay Executive a base salary (the "Base Salary") at the annual rate of \$285,000, payable in regular installments in accordance with Ultra's usual payroll practices.
- (ii) Executive's Base Salary will be reviewed at least annually by the Compensation Committee of the Board (the "Compensation Committee") and may be adjusted in its sole discretion.

(b) *Incentive Compensation (Cash)*.

- (i) Executive shall be eligible to receive cash incentive compensation (any such compensation, a "Cash Incentive") pursuant to the short-term incentive program for Ultra established by the Compensation Committee for senior executives of Ultra (such program, the "AIP"). Executive's target Cash Incentive amount shall be equal to fifty percent (50%) of Executive's Base Salary (the "Target AIP Amount").
- (ii) Executive's Target AIP Amount will be reviewed at least annually by the Compensation Committee and may be adjusted in its sole discretion.
- (iii) During the first quarter after the end of the performance period applicable to an AIP, the Compensation Committee will evaluate Ultra's performance compared to the performance targets and goals in the then-applicable AIP and determine the aggregate amount that has been earned by participants under the AIP. Thereafter, the Compensation Committee shall determine, taking into account Executive's performance, the amount of any AIP payout to Executive, which may be between 0% and 200% of Executive's Target AIP Amount, and cause Ultra to pay the applicable Cash Incentive, if any, to Executive by no later than March 15th of the calendar year following the end of the performance period.
- (iv) Executive must be employed by Ultra on the date a Cash Incentive is to be paid in order to receive the payment.

- (c) *Incentive Compensation (Equity)*. Executive shall be eligible to participate in Ultra's Stock Incentive Plan (defined below), and may receive periodic equity or equity-based grants, which Ultra expects will be awarded annually, pursuant to that Plan at the discretion of the Compensation Committee. The terms and conditions of any such grants shall be specified at the time of grant in award agreements specific to each such grant.
- (d) *Employee Benefits and Insurance*.
 - (i) Executive is entitled to participate in and receive full rights and benefits available under all of the following, to the extent existing on the Effective Date or enacted or implemented after the Effective Date: life insurance; disability insurance; directors and officers liability insurance; health and accident plans, including medical, dental and vision plans; 401(k) plan; and any other welfare, fringe or employee benefits plans or programs implemented by Ultra or any of the Subsidiaries.
 - (ii) Ultra is not required to have or maintain any employee benefit programs or insurance, and Ultra may modify any employee benefit programs or insurance applicable to Executive.
- (e) *Vacation*. Executive shall be entitled to paid vacation equal to 5 weeks, such vacation to be taken in accordance with Ultra's vacation policy; provided, however, Executive's vacations shall be taken at times that are consistent with Ultra's reasonable business needs; and, provided, further, that Executive agrees not to take vacation for more than ten (10) consecutive business days at any given time without prior consent from Executive's Supervisor.
- (f) *Business Expenses; Reimbursement*. Ultra shall reimburse Executive for all reasonable business expenses incurred during the performance of Executive's duties hereunder to the extent consistent with its written policies in effect from time to time, including with respect to the reporting and documentation of such expenses.

4. Termination of Employment. While this Agreement is in effect:

- (a) Ultra may terminate Executive's employment at any time and for whatever reason, and Executive may resign Executive's employment at any time and for whatever reason upon no less than 30 days' notice. The remaining clauses of this Section 4(a) set forth and shall determine the respective rights and obligations of Ultra and Executive arising upon and resulting from any such termination or resignation. The definitions of certain capitalized terms used in this Section 4 are set forth in Section 4(b).

- (i) *Termination by Ultra: For "Cause."*
 - (A) If Cause exists, then Ultra may terminate Executive's employment for Cause; provided that if Ultra elects to terminate Executive's employment for Cause, then Ultra shall provide written notice to Executive specifying that Ultra is terminating Executive's employment for Cause, providing a reasonable description of the basis therefor, and specifying the effective date of such termination, which may be immediate.
 - (B) If Executive's employment is terminated for Cause, then Ultra shall pay Executive any Accrued Obligations as of the Termination Date but shall have no other obligation to pay or provide Executive any severance or benefits, and Executive shall have no right to any other payments, severance or other benefits.
 - (C) In addition, if Executive's employment is terminated for Cause, Executive will forfeit all outstanding Equity Incentives and any other outstanding equity awards of Ultra, whether vested or unvested, and will remain bound by any Ultra clawback policy in effect as of the date of termination.
- (ii) *Termination by Ultra: Without "Cause."*
 - (A) Ultra may terminate Executive's employment without Cause; provided that if Ultra elects to terminate Executive's employment without Cause, then Ultra shall provide written notice to Executive specifying that Ultra is terminating Executive's employment without Cause and specifying the effective date of such termination, which may be immediate.
 - (B) If Executive's employment is terminated without Cause, then Ultra shall pay or provide to Executive: (i) any Accrued Obligations as of the Termination Date, (ii) the Severance Cash Incentive, (iii) the Severance Payment; and (iv) the Severance Benefits. Ultra will have no other obligation to pay Executive any other severance or termination benefits.
- (iii) *Resignation by Executive: Without "Good Reason."*
 - (A) Executive may resign Executive's employment for any reason; provided that if Executive elects to resign, then Executive shall provide written notice to Ultra specifying that Executive is resigning and specifying the effective date thereof, which shall be no less than 30 days after delivery of such notice.
 - (B) If Executive resigns Executive's employment, then Ultra shall pay Executive any Accrued Obligations as of the Termination Date but shall have no other obligation to pay or provide Executive any severance or benefits, and Executive shall have no right to any other payments, severance or other benefits.

- (iv) *Resignation by Executive: With “Good Reason.”*
- (A) Executive may resign Executive’s employment with Ultra with Good Reason; provided that Executive shall provide written notice to Ultra specifying that Executive is resigning with Good Reason within 30 days following the initial occurrence of the event constituting Good Reason, Ultra fails to remedy such condition, if curable, within 30 days following the receipt of such notice, and Executive resigns Executive’s employment with Ultra within 30 days of the expiration of such 30 day cure period.
 - (B) If Executive’s resigns Executive’s employment with Good Reason, then Ultra shall pay or provide to Executive: (i) any Accrued Obligations as of the Termination Date, (ii) the Severance Cash Incentive, (iii) the Severance Payment; and (iv) the Severance Benefits. Ultra will have no other obligation to pay Executive any other severance or termination benefits.
- (v) *Executive’s “Disability.”*
- (A) Ultra may terminate Executive’s employment and officer and director positions upon a determination that Executive has suffered a Disability; provided, however, that if Ultra elects to terminate Executive’s employment because Executive has suffered a Disability, Ultra must provide written notice to Executive specifying that Ultra is terminating Executive’s employment as a result of a Disability and specifying the effective date thereof, which may be immediate.
 - (B) Upon a termination of Executive’s employment due to Disability, Executive shall be entitled to receive, and Ultra shall pay to Executive, as promptly as possible, any Accrued Obligations as of the Termination Date and the Severance Cash Incentive.
- (vi) *Executive’s Death.*
- (A) Executive’s employment and officer and director positions shall terminate upon Executive’s death. In the event of Executive’s death, the Termination Date shall be deemed to be the date of Executive’s death.
 - (B) Upon Executive’s death, Executive’s estate shall be entitled to receive, and Ultra shall pay to Executive’s estate, as promptly as possible, any Accrued Obligations as of the Termination Date and the Severance Cash Incentive.

- (vii) *Timing of Payments and Benefits.* The payments and benefits contemplated in this Section 4(a) shall be provided to Executive at the times and in the manner specified below:
- (A) The Accrued Obligations shall be paid pursuant to Ultra's standard payroll and other practices and at the time and in the manner required by applicable law but in no event later than thirty days after the Termination Date; provided, however, the Accrued Obligations described in clause (C) of the definition of Accrued Obligations shall be paid or provided at the time and pursuant to the terms of the applicable plans or programs at the Termination Date.
 - (B) The Severance Cash Incentive shall be paid as soon as is administratively feasible after the end of the performance period for the applicable Cash Incentive, but in no event later than March 15 of the calendar year following the calendar year to which such Cash Incentive relates.
 - (C) The Severance Benefits shall be paid or provided at the time and pursuant to the terms of the applicable plans or programs at the Termination Date.
 - (D) The Severance Payment shall be paid in cash and in a lump sum within thirty (30) days following Executive's timely execution and non-revocation of the release of claims in favor of Ultra as described in Section 4(e).

(b) As used herein, the following terms have the following meanings:

- (i) "Accrued Obligations" means, collectively: (A) any accrued and unpaid Base Salary through Termination Date; (B) any unreimbursed Business Expenses incurred and paid by Executive up to and including the Termination Date; and (C) any other vested compensation or benefits payable to Executive based on the express terms of Ultra's compensation or benefit plans or programs and Executive's participation therein.
- (ii) "Cause" means the occurrence of one or more of the following as determined by the Board:
 - (A) Executive's willful misconduct or gross negligence in the performance of Executive's duties to Ultra; or
 - (B) Executive's repeated failure to perform Executive's duties to Ultra or to follow the lawful directives of the Board or other applicable supervisor (other than as a result of death or physical or mental incapacity); or

- (C) Executive's commission of, indictment for, conviction of, or pleading of guilty or nolo contendere to, a felony or any crime involving moral turpitude; or
 - (D) Executive's performance of any act of theft, embezzlement, fraud, malfeasance, dishonesty or misappropriation of Ultra's or any of its customer's, supplier's or distributor's property; or
 - (E) Executive's use of illegal drugs or Executive's abuse of alcohol that materially impairs Executive's ability to perform Executive's duties to Ultra; or
 - (F) Executive's material breach of any fiduciary duty owed to Ultra (including, without limitation, the duty of care and the duty of loyalty); or
 - (G) Executive's material breach of any agreement with Ultra, or a material violation of Ultra's code of conduct or other written policy.
 - (H) Notwithstanding anything to the contrary contained herein, Executive's resignation after an event that would be grounds for a termination for Cause shall be treated as a termination for Cause.
- (iii) "Disability" means Executive's inability to perform the essential duties, responsibilities and functions of Executive's positions as a result of a physical illness or impairment, a mental illness or impairment, or another physical, mental or legal incapacity, during a period of twelve consecutive weeks or a cumulative period of ninety days during any twelve-month period.
- (iv) "Good Reason" means the occurrence of one or more of the following as determined by the Board:
- (A) Any material reduction of Executive's then-existing annual Base Salary or Target AIP Amount;
 - (B) Any material diminution of Executive's duties, responsibilities or authority set forth in Section 2, unless Executive consents in writing to any such diminution; or
 - (C) A relocation of Executive's principal workplace to a work site that would increase Executive's one-way commute distance by more than fifty (50) miles from Executive's then existing workplace, unless Executive consents in writing to such relocation.

- (v) “Severance Benefits” means the benefits described in Section 3(d)(i) hereof, which Ultra shall make available to Executive, at Ultra’s cost and expense, for a period beginning on the Termination Date and continuing for 12 months or, if earlier occurring, such time as Executive obtains other employment that provides Executive with benefits at least as favorable to Executive as the benefits described in Section 3(d)(i) hereof.
 - (vi) “Severance Cash Incentive” means the Cash Incentive which Executive would have earned pursuant to Section 3(b) hereof for the calendar year during which the Termination Date occurred, as determined based on Executive’s Target AIP Amount and Ultra’s performance relative to the performance targets and goals specified in the applicable AIP and paid without proration.
 - (vii) “Severance Payment” means an amount, payable in U.S. dollars, equal to the sum of: (x) one hundred percent (100%) of Executive’s Base Salary in effect on the Termination Date and (y) any Cash Incentive earned, but not yet paid, for the year prior to the year of termination.
 - (viii) “Stock Incentive Plan” means the Ultra Petroleum Corp. 2017 Amended and Restated Stock Incentive Plan, dated and effective as of June 8, 2018.
 - (ix) “Termination Date” means the effective date of a termination or resignation, as applicable, as specified or provided for under Section 4(a) above.
- (c) *Resignations.* Upon any termination of Executive’s employment hereunder for any reason:
- (i) Executive agrees to resign from all officer, director, and other positions Executive may then hold with Ultra and each of the Subsidiaries and any other affiliates of Ultra or any Subsidiary existing at such time; and
 - (ii) Executive agrees to execute and deliver any reasonable documentation requested by Ultra or any Subsidiary reflecting such resignations.
 - (iii) Notwithstanding the foregoing and for the avoidance of doubt, any termination of Executive’s employment shall constitute and be deemed to signify an automatic resignation of Executive, as of the Termination Date, from all positions he then holds as an employee, officer, director, manager or other service provider to Ultra and each Subsidiary.
- (d) *Exclusive Compensation and Benefits; Time Periods.* The compensation and benefits described in this Section 4, along with the associated terms for payment, constitute all of Ultra’s obligations to Executive and all of Executive rights with respect to Ultra in connection with any termination of Executive’s employment; provided, however, that nothing herein, is intended to limit any rights Executive may have to continue or convert insurance coverage under certain employee benefit plans in accordance with the terms of those plans and applicable law and further provided that nothing herein is intended to limit any rights Executive has pursuant to the Stock Incentive Plan. Time periods applicable to the determination of a Severance Payment amount shall include periods prior to the Effective Date, as applicable.

(e) *Conditions, Release of Claims.* Any and all amounts payable and benefits or additional rights provided pursuant to this Agreement beyond the Accrued Obligations shall only be payable if Executive delivers to Ultra and does not revoke a general release of claims in favor of Ultra in Ultra's then customary form. Such release shall be executed and delivered (and no longer subject to revocation, if applicable) within sixty (60) days following termination. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be reduced by any compensation earned by Executive as a result of employment by a subsequent employer. Subject to the provisions of Schedule 1 hereof and the limitations of applicable wage laws, Ultra's obligation to pay Executive amounts hereunder shall be subject to set-off, counterclaim or recoupment of amounts owed by Executive to Ultra or any of its affiliates.

5. Tax Matters. The provisions of Schedule 1 attached hereto setting out the parties intent with respect to certain tax matters and addressing the applicability of certain provisions of the Internal Revenue Code of 1986 and the regulations and guidance promulgated thereunder apply to the matters addressed herein as though set forth in full herein and are deemed incorporated into this Agreement for all purposes.

6. Confidential Information.

(a) Executive agrees to maintain all Confidential Information in confidence in a fiduciary capacity for the exclusive benefit of Ultra and the Subsidiaries and further agrees not to disclose, directly or indirectly, any of the Confidential Information except as and to the extent required for the performance of Executive's duties, responsibilities or functions under this Agreement.

(b) Executive acknowledges that money damages would not be a sufficient remedy for any breach of this Section 6 by Executive, and Executive agrees that Ultra or any affected Subsidiary may enforce the provisions of this Section 6 by obtaining an order for specific performance and/or injunctive relief as remedies for any such breach or threatened breach. Such remedies are not the exclusive remedies for a breach of this Section 6, but shall be in addition to all remedies available at law or in equity to Ultra.

(c) As used herein, "Confidential Information" means all information and material which is confidential or proprietary to Ultra or any of the Subsidiaries, including any non-public operational, financial or other business information and any trade secrets, whether or not any such information is reduced to writing or other tangible form, whether or not any such information is marked as "confidential" or "proprietary," and whether or not any such information is prepared by or for Ultra or any of the Subsidiaries.

- (d) At the termination of Executive's employment hereunder, Executive shall deliver to Ultra all Confidential Information then in Executive's possession or control and shall not retain or use any copies or summaries thereof.
- (e) Notwithstanding anything to the contrary in this Agreement, Ultra may transfer or assign the benefits of this provision to a party that acquires all or substantially all of Ultra's assets or all or substantially all of the oil and gas assets owned by the Subsidiaries, taken as a whole.

7. Inventions.

- (a) Executive shall hold any Inventions (as defined below) in trust for the benefit of Ultra, Executive shall disclose any Inventions promptly and fully to Ultra in writing, and Executive hereby assigns any Inventions, and binds his heirs, executors, and administrators to assign any Inventions, to Ultra or its designee.
- (b) Any and all Inventions shall be and are Ultra's sole and exclusive property, whether patentable, copyrightable, or neither, and Executive shall assist and fully cooperate in every way, at Ultra's expense, in securing, maintaining, and enforcing, for the benefit of Ultra or its designee, patents, copyrights or other types of proprietary or intellectual property protection for such Developments in any and all countries. Further, all works of authorship created by Executive, solely or jointly with others, shall be considered works made for hire under the Copyright Act of 1976, as amended, and shall be owned entirely by Ultra.
- (c) As used herein, "Inventions" means any and all inventions, discoveries, ideas, concepts, improvements, works of authorship (including copyrightable works), and other developments that are conceived, made, discovered or developed by Executive, solely or jointly with others, during the term of his employment by Ultra, whether during or outside of usual working hours and whether on Ultra's premises or not, to the extent any of the foregoing relate in any manner to the past, present or anticipated business of Ultra or any of the Subsidiaries.
- (d) 18 U.S.C. § 1833(b) provides: "An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Accordingly, the parties to this Agreement have the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The parties also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

8. Cooperation and Assistance. During a three-year period following a Termination Date, at Ultra's request Executive will reasonably cooperate in connection with any litigation or other fact-finding or adjudicative proceedings involving Ultra or any Subsidiary, provided Executive is not required to travel beyond the city or town where Executive then lives or to provide assistance that unreasonably interferes with Executive's employment or other activities or endeavors and Executive is not required to provide over 50 hours assistance during any 12-month period. Ultra will pay Executive a reasonable hourly rate for Executive's assistance, reimburse Executive for all reasonable out-of-pocket expenses incurred by Executive in connection with rendering such assistance, and provide Executive counsel reasonably suitable to Executive to represent Executive in connection with providing such assistance if Executive reasonably requests.
9. Protected Disclosures and Actions. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede Executive (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. Executive does not need the prior authorization of Ultra to make any such reports or disclosures and Executive shall not be required to notify Ultra that such reports or disclosures have been made.
10. Non-Competition. Executive expressly covenants and agrees that, without the prior written consent of Ultra, during a one-year period beginning on the Termination Date (as determined pursuant to the terms hereof) and ending on the first anniversary of such Termination Date, Executive shall not participate or engage in, directly or indirectly (as an owner, partner, employee, officer, director, independent contractor, consultant, advisor or in any other capacity calling for the rendition of services, advice, or acts of management, operation or control) any business for a Competitor (as defined below) anywhere within (i) Sublette County, Wyoming or (ii) twenty miles of any properties owned by Ultra in the United States on the Termination Date. The term "Competitor" means any business, individual, partnership, firm, corporation or other entity engaged in oil and gas exploration and production.
11. Non-Solicitation. Executive expressly covenants and agrees that, without the prior written consent of Ultra, during a one-year period beginning on the Termination Date (as determined pursuant to the terms hereof) and ending on the first anniversary of such Termination Date, Executive will not directly or indirectly: (i) solicit the employment or engagement as a consultant of any person who is or was an employee of or a consultant to Ultra or any Subsidiary at any time during the last twelve months of Executive's employment with Ultra; or (ii) hire or engage any such person.

12. Non-Disparagement.

- (a) As used herein, the term “Disparaging Remarks” means any statement, whether written or oral, that has the intention or tendency to degrade or diminish or harm the reputation, competence, professionalism, integrity, good character, or standing of an individual or entity in the estimation of a community, including by deterring or having a tendency to deter others from associating, employing, or otherwise dealing with them.
- (b) Executive agrees not to make or publish any Disparaging Remarks to any other person about: (i) Ultra or any Subsidiary; (ii) any business conducted by Ultra or any Subsidiary; or (iii) any past or present member of Ultra’s management or Board in their capacity as such, except as follows: Executive’s counsel, immediate family, any party when such disclosure is required by a subpoena issued by a court of competent jurisdiction, or as required by law or court order.
- (c) Ultra agrees to direct all of its executive officers as of the Effective Date and through the Termination Date (each, a “Designated Individual”), not to make or publish any Disparaging Remarks to any third party about Executive, except as follows: Ultra’s counsel, each Designated Individual’s counsel, each Designated Individuals’ immediate family members, any party when such disclosure is required by a subpoena issued by a court of competent jurisdiction, or as required by law or court order.
- (d) Nothing in this Section 12 shall be read to prohibit regular and commercially reasonable, acceptable competitive business speech by either Party.

13. Reasonableness of Covenants. In signing this Agreement, Executive gives Ultra assurance that Executive has carefully read and considered all of the terms and conditions of this Agreement, including the restraints imposed under Section 6 through Section 12. Executive agrees that these restraints are necessary for the reasonable and proper protection of Ultra and its affiliates and their Confidential Information and that each and every one of the restraints is reasonable in respect of subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent Executive from obtaining other suitable employment during the period in which Executive is bound by the restraints. Executive acknowledges that each of these covenants has a unique, very substantial and immeasurable value to Ultra and its affiliates and that Executive has sufficient assets and skills to provide a livelihood while such covenants remain in force. Executive further covenants that Executive will not challenge the reasonableness or enforceability of any of the covenants and that Executive will reimburse Ultra and its affiliates for all costs (including reasonable attorneys’ fees) incurred in connection with any action to enforce any of the provisions of Sections 6 through Section 12 if Executive challenges the reasonableness or enforceability of any of the provisions of Section 6 through Section 12. It is also agreed that each of Ultra’s affiliates will have the right to enforce all of Executive’s obligations to that affiliate under this Agreement, including without limitation pursuant to Section 6 through Section 12. Upon Executive’s material breach of the provisions of Section 6 through Section 12, Executive will be required to repay the Severance Payment to Ultra.

14. Reformation. If it is determined by a court of competent jurisdiction in any state that any restriction in Section 6 through Section 12 is excessive in duration or scope or is unreasonable or unenforceable under applicable law, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the laws of that state.
15. Tolling. In the event of any violation of the provisions of Section 6 through Section 12, Executive acknowledges and agrees that the post-termination restrictions contained in this Section 6 through Section 12 shall be extended by a period of time equal to the period of such violation, it being the intention of the parties hereto that the running of the applicable post-termination restriction period shall be tolled during any period of such violation.
16. Survival of Provisions. The obligations contained in Section 6 through Section 12 hereof shall survive the termination or expiration of the Employment Period and Executive's employment with Ultra and shall be fully enforceable thereafter.
17. General Provisions.
- (a) *Amendments and Waiver; Prior Agreements.*
- (i) The terms and provisions of this Agreement may not be modified or amended, nor may any of the provisions hereof be waived, temporarily or permanently, unless such modification or amendment is agreed to in writing and signed by Executive, on the one hand, and by a duly authorized person on behalf of Ultra, on the other hand.
- (ii) Any failure of any party hereto to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms, and, further, a waiver by a party on one occasion shall not be deemed to be a waiver of the same or any other type of breach on a future occasion.
- (iii) Except to the extent set forth in the plan or program documents related to the employee benefits plans or programs of Ultra or any of the Subsidiaries, this Agreement supersedes and replaces any other employment agreement between Ultra and Executive. Any such other employment agreement shall no longer be in force and effect.
- (b) *Binding Agreement; Permitted Successors and Assigns.*
- (i) This Agreement shall bind and inure to the benefit of and be enforceable by the parties hereto and their respective successors, permitted assigns, heirs and personal representatives and estates, as the case may be, and this Agreement shall not confer any rights or remedies upon any other person or legal entity.

- (ii) Neither this Agreement nor any right or obligation hereunder of any party may be assigned or delegated without the prior written consent of the other party; provided, Executive may direct distribution of any benefits or compensation that, upon Executive's death, accrue hereunder.
 - (iii) Executive shall not have any right to pledge, hypothecate, anticipate, or in any way create a lien upon any payments or other benefits provided under this Agreement; and no benefits payable under this Agreement shall be assignable in anticipation of payment either by voluntary or involuntary acts, or by operation of law, except by will or pursuant to the laws of descent and distribution.
- (c) *Survival.* The termination of Executive's employment shall not impair the rights or obligations of any party that have accrued prior to such termination or which by their nature or terms survive termination of the Term, including without limitation the parties' respective obligations under Sections 4 through 12 hereof.
- (d) *Validity.* The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.
- (e) *Governing Law; Jurisdiction; Venue; Jury-Trial Waiver; Fees and Expenses.*
- (i) This Agreement is governed by and shall be construed and enforced in accordance with Colorado law, excluding its choice-of-law principles, except where federal law may preempt the application of state law.
 - (ii) The parties hereto: (A) submit and consent to the exclusive jurisdiction, including removal jurisdiction, of the state and federal courts located in Denver, CO for any action or proceeding relating to this Agreement or Executive's employment; (B) waive any objection to such venue; (C) agree that any judgment in any such action or proceeding may be enforced in other jurisdictions; and (D) irrevocably waive the right to trial by jury and agree not to ask for a jury in any such proceeding.
- (f) *No Obligation to Pay.* With regard to any payment due to Executive under this Agreement, it shall not be a breach of any provision of this Agreement for Ultra to fail to make such payment to Executive if, by doing so, Ultra would violate any applicable law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Employment Agreement intending it to be made effective as of the Effective Date.

ULTRA:

ULTRA PETROLEUM CORP.,
a Yukon corporation

By: /s/ Brad Johnson
Name: Brad Johnson
Title: President and Chief Executive Officer

EXECUTIVE:

/s/ Jamie Whyte
Jamie Whyte

NOTICE PROVISION:

For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given (i) when received, if delivered personally or by courier, (ii) on the date receipt is acknowledged, if delivered by certified mail, postage prepaid, return receipt requested, or (iii) one day after transmission, if sent by facsimile transmission with confirmation of transmission, as follows:

If to Executive, at:	At the most recent address in Ultra's records.
If to Ultra, at:	Ultra Petroleum Corp. 116 Inveness Drive East, Suite 400 Englewood, Colorado 80112 Attention: Chief Financial Officer With a copy to: Kirkland & Ellis LLP 601 Lexington Avenue New York, New York 10022 Attention: Scott D. Price, P.C.

SIGNATURE PAGE TO EMPLOYMENT AGREEMENT

SCHEDULE 1

TAX MATTERS

I. General Provisions.

- (A) All compensation paid or awarded to Executive hereunder shall be subject to applicable withholding, payroll and other taxes. Accordingly, with respect to any payment to be made to Executive, Ultra shall deduct, where applicable, any amounts authorized by Executive, and shall withhold and report all amounts required to be withheld and reported by applicable law.
- (B) Capitalized terms used in this Schedule 1 but not defined herein have the meanings set forth in the Employment Agreement to which this Schedule 1 is attached and into which it is incorporated.
- (C) The term “Code,” as used herein, means the Title 26 of the United States Code, commonly referred to as the Internal Revenue Code of 1986, as amended.

II. Regarding Excise Taxes.

- (A) If Executive is a “disqualified individual” (as defined in Section 280G(c) of the Code), and the payments and benefits provided for in this Agreement, together with any other payments and benefits which Executive has the right to receive from Ultra or any Subsidiary, would constitute a “parachute payment” (as defined in Section 280G(b)(2) of the Code), then notwithstanding anything herein to the contrary, the payments and benefits provided for in this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Executive from Ultra and its affiliates will be one dollar (\$1.00) less than three times Executive’s “base amount” (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Executive shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to Executive (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes).
- (B) The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder in a similar order.
- (C) The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by Ultra in good faith. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from Ultra (or its affiliates) used in determining if a “parachute payment” exists, exceeds one dollar (\$1.00) less than three times Executive’s base amount, then Executive shall immediately repay such excess to Ultra upon notification that an overpayment has been made.

- (D) Nothing in this Agreement, including the foregoing paragraphs (A) through (C), shall require Ultra to be responsible for, or have any liability or obligation with respect to, Executive's excise tax liabilities under Section 4999 of the Code, if any.

REGARDING CODE SECTION 409A

- III. **Statement of Intent.** The provisions of this Schedule 1 shall apply solely to the extent that a payment under this Agreement is subject to Section 409A of the Code and the regulations and guidance promulgated thereunder (collectively, "Section 409A"). The intent of the parties to this Agreement is that the payments and benefits under this Agreement comply with or be exempt from Section 409A including, but not limited to, the exemptions from the application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5), and 1.409A-(b)(9) and this Agreement will be construed to the greatest extent possible as consistent with those provisions. The commencement of payment or provision of any payment or benefit under this Agreement shall be deferred to the minimum extent necessary to prevent the imposition of any excise taxes on Ultra or Executive.
- IV. **Notification; Reformation.** If Executive receives advice, from an attorney with demonstrable tax expertise, that any provision of this Agreement would cause Executive to incur any additional tax or interest under Section 409A (with specificity as to the reason therefor), and notifies Ultra thereof, or if Ultra independently makes such determination, then Ultra may, to the extent possible and after consulting with Executive, reform such provision to try to comply with Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Section 409A. To the extent that any provision hereof is modified in order to comply with or be exempt from Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and Ultra of the applicable provision without violating the provisions of Section 409A.
- V. **Annual Cash Incentive Payments.** Any Cash Incentive that Executive is awarded or becomes entitled to receive pursuant to Section 3(b) of the Agreement will be paid during the calendar year immediately following the calendar year to which such Cash Incentive relates and will be paid to Executive as soon as administratively feasible following preparation of Ultra's unaudited financial statements for the applicable calendar year.
- VI. **Separation from Service.**
- (A) If any payment, compensation or other benefit provided to Executive under this Agreement in connection with a "*separation from service*" (within the meaning of Section 409A(a)(2)(A)(i)) is determined, in whole or in part, to constitute "*nonqualified deferred compensation*" (within the meaning of Section 409A) and Executive is a "*specified employee*" (as defined in Section 409A(2)(B)(i)) at the time of the separation from service, then notwithstanding anything in the Agreement to the contrary, no part of any such payments shall be paid to Executive before the earlier of (i) the day that is six (6) months plus one (1) day after the date of the separation from service (the "New Payment Date"), (ii) the date of Executive's death, or (iii) any date that otherwise complies with Section 409A.

- (B) The aggregate of any payments and benefits that otherwise would have been paid and/or provided to Executive during the period between the date of the separation from service and the New Payment Date shall be paid to Executive in a lump sum on the date Ultra's first regular payroll is made following the New Payment Date, and no interest will be paid by Ultra with respect to any such payments and benefits. Thereafter, any payments and/or benefits that remain outstanding as of the day immediately following the New Payment Date shall be paid without delay over the time period originally scheduled, in accordance with the terms of this Agreement.
- (C) For purposes of Section 409A, Executive's right to receive any installment payments pursuant to this Agreement shall be deemed to be and shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., payment shall be made within thirty (30) days), the actual date of payment within such period shall be within the sole discretion of Ultra.
- (D) Notwithstanding anything to the contrary herein, to the extent that the foregoing delay applies to the provision of any ongoing welfare benefits, Executive shall pay the full cost of premiums for such welfare benefits due and payable prior to the New Payment Date, and Ultra shall pay Executive an amount equal to the amount of such premiums which otherwise would have been paid by Ultra during such period on the date Ultra's first regular payroll is made following the New Payment Date.
- (E) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits subject to Section 409A upon or following a termination of employment unless such termination is also a "*separation from service*" (within the meaning of Section 409A), and for purposes of any such provision of this Agreement, references in the Agreement to a "*resignation*," "*termination*," "*resign*," "*terminate*," "*resignation of employment*," "*termination of employment*" or other like terms shall mean "*separation from service*" (within the meaning of Section 409A).
- (F) If in connection with a termination or resignation of Executive's employment under the Agreement, Executive is required to execute a release to receive any payments from Ultra that constitute "*nonqualified deferred compensation*" (within the meaning of Section 409A), then payments of such amounts shall not be made or commence until the sixtieth (60th) day following such termination or resignation. Any payments suspended during such 60 day period shall be paid on the date Ultra's first regular payroll is made after the end of such period.

VII. Expenses and Reimbursements.

- (A) This Section VII shall apply to payments of any amounts under this Agreement that are treated as "*reimbursement payments*" under Section 409A.
- (B) All expenses or other reimbursements as provided herein shall be payable in accordance with Ultra's policies in effect from time to time, but in any event shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive to the extent any such payments are subject to Section 409A. Ultra shall have no obligation to reimburse Executive for any expenses submitted after the last day of the taxable year following the taxable year in which such expenses were incurred by Executive.

- (C) With regard to any provision of the Agreement that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A: (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; and (ii) the amount of expenses eligible for reimbursements or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year (other than an arrangement providing for the reimbursement of medical expenses referred to in Section 105(b) of the Code).

VIII. **No Representations or Warranties.**

- (A) Nothing contained in this Agreement shall constitute any representation or warranty by Ultra or Executive regarding compliance with Section 409A.
- (B) Ultra has no obligation to take any action to prevent the assessment of any excise tax under Section 409A on any person, and neither Ultra nor any of the Subsidiaries nor any employee or other representative of Ultra or any of the Subsidiaries shall have any liability to Executive with respect to any such assessment.

CERTIFICATION

I, Brad Johnson, 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 the 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.

/s/ Brad Johnson

Brad Johnson,
President and Chief Executive Officer

Date: August 9, 2019

CERTIFICATION

I, David W. Honeyfield, 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 the 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.

/s/ David W. Honeyfield

David W. Honeyfield,

Senior Vice President and Chief Financial Officer

Date: August 9, 2019

**SECTION 906 CERTIFICATION PURSUANT OF PRINCIPAL EXECUTIVE OFFICER
ULTRA PETROLEUM CORP.**

In connection with the Quarterly Report of Ultra Petroleum Corp. (the "*Company*") on Form 10-Q for the fiscal quarter ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Brad Johnson, 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.

/s/ Brad Johnson
Brad Johnson,
President and Chief Executive Officer

Dated: August 9, 2019

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.

**SECTION 906 CERTIFICATION PURSUANT OF PRINCIPAL FINANCIAL OFFICER
ULTRA PETROLEUM CORP.**

In connection with the Quarterly Report of Ultra Petroleum Corp. (the "*Company*") on Form 10-Q for the fiscal quarter ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, David W. Honeyfield, Senior Vice President and 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.

/s/ David W. Honeyfield
David W. Honeyfield,
Senior Vice President and Chief Financial Officer

Dated: August 9, 2019

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.