

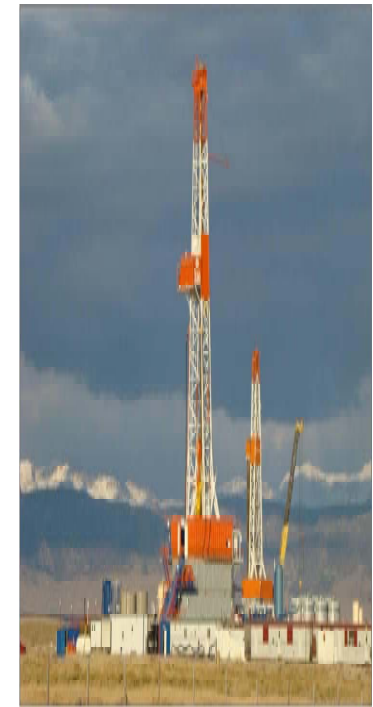
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# Ultra Petroleum Corp.

Michael D. Watford

Chairman, President and CEO

Deutsche Bank- 2011 Energy Conference  
September 22, 2011



Ultra Petroleum Corp. is an independent exploration and production company focused on developing its long-life natural gas reserves in the Green River Basin of Wyoming – Pinedale and Jonah fields and is in the ongoing exploration and early development stage in the Appalachian Basin of Pennsylvania.

Ultra Petroleum Corp. NYSE: UPL



# A Unique Energy Company

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- **Exploration & Production company uniquely focused on profitable growth**
  - 39% return on equity for 2010
  - 19% production growth for 2010
- **Growing scale of our assets**
  - Early development of Wyoming legacy asset
  - Emerging Marcellus opportunity
- **Industry leading cost structure**
  - All-in costs of \$2.68/Mcfe for 2010
  - Drill-bit F&D costs of \$1.48/Mcfe for 2010
- **Industry leading reserve and production growth**
  - Targeting 50% production growth 2010 – 2013
  - Net risked resource potential > 20 Tcfe

# The Ultra Petroleum Story

High asset quality

Robust investment portfolio

Profitable growth strategy



Ultra Petroleum Corp. NYSE: UPL



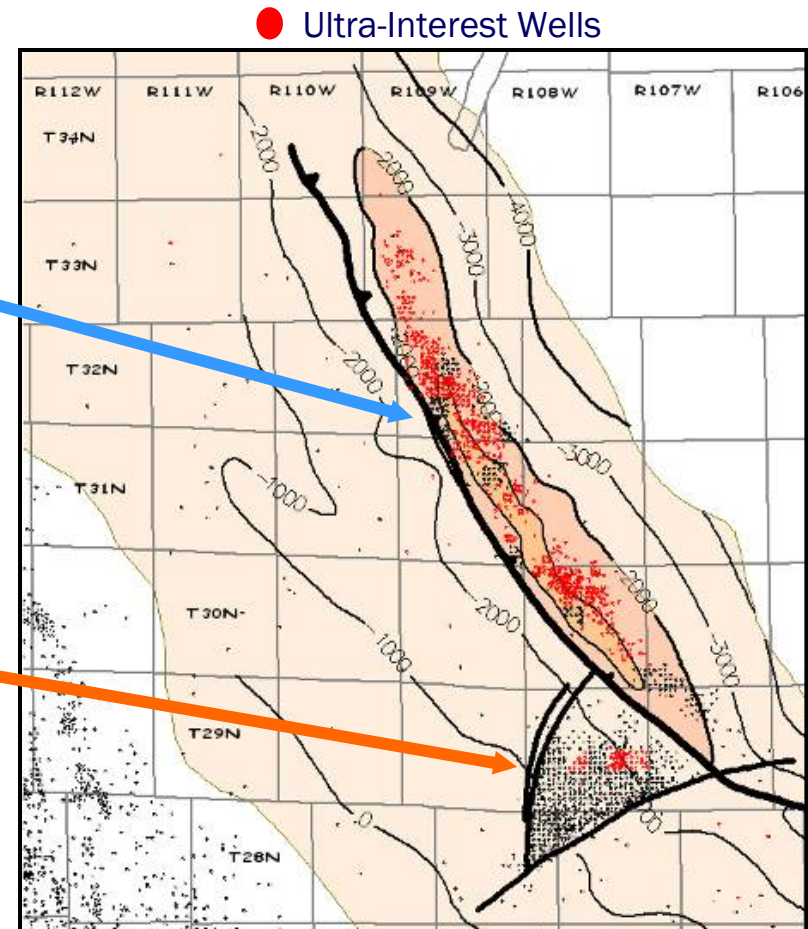
# Long-Life, Low-Cost, Lance Tight Gas

## Pinedale Field

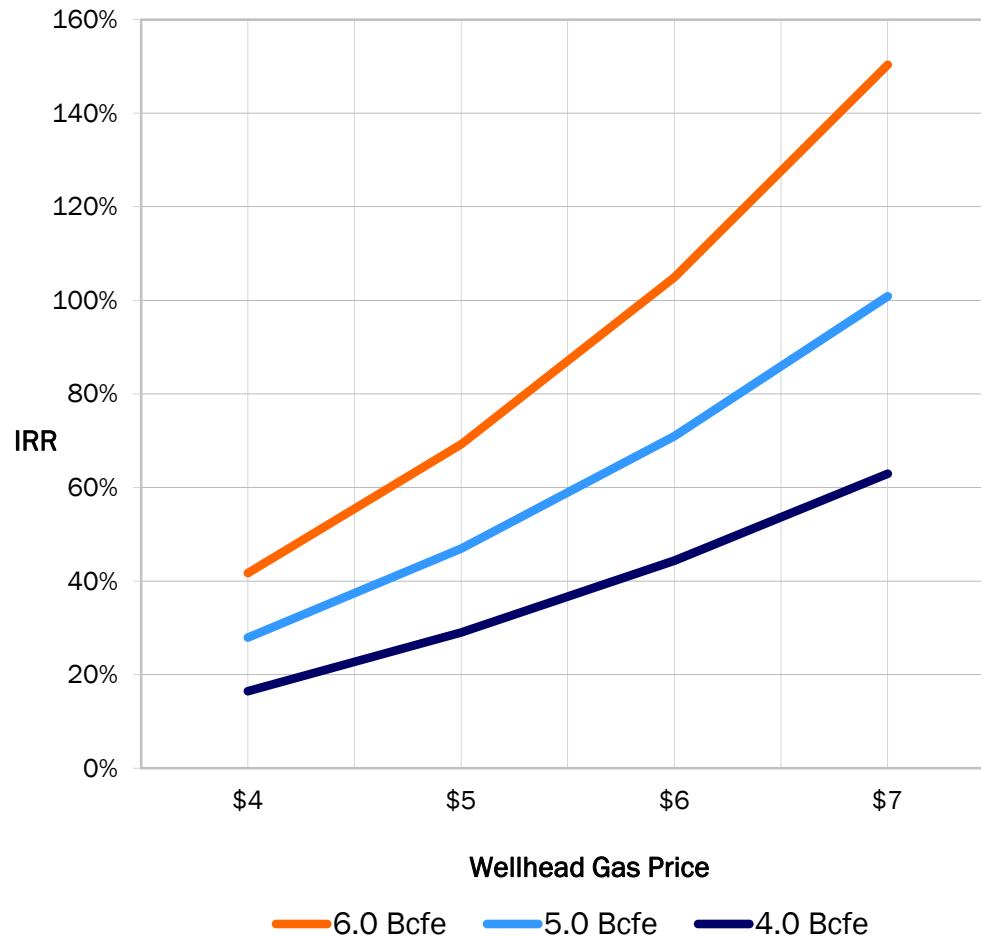
90 sq. miles  
1,700+ wells  
~ 1.5 Bcfd  
Field OGIP = 58.7 Tcf  
Recoverable = 38.2 Tcf

## Jonah Field

36 sq. miles  
1,500+ wells  
~ 0.9 Bcfd  
Field OGIP = 15.0 Tcf  
Recoverable = 10.5 Tcf



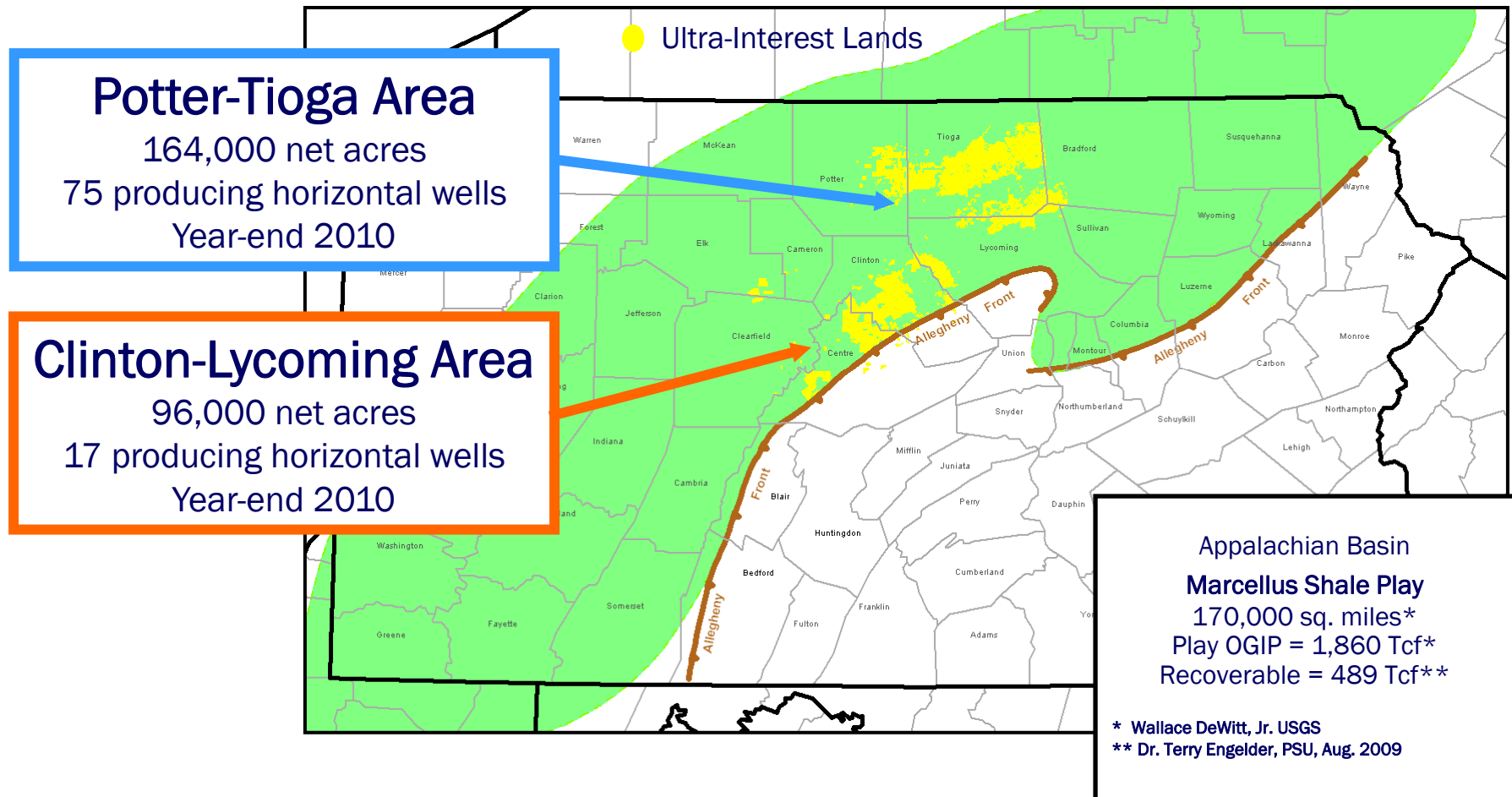
# Pinedale's Profitable Well Economics



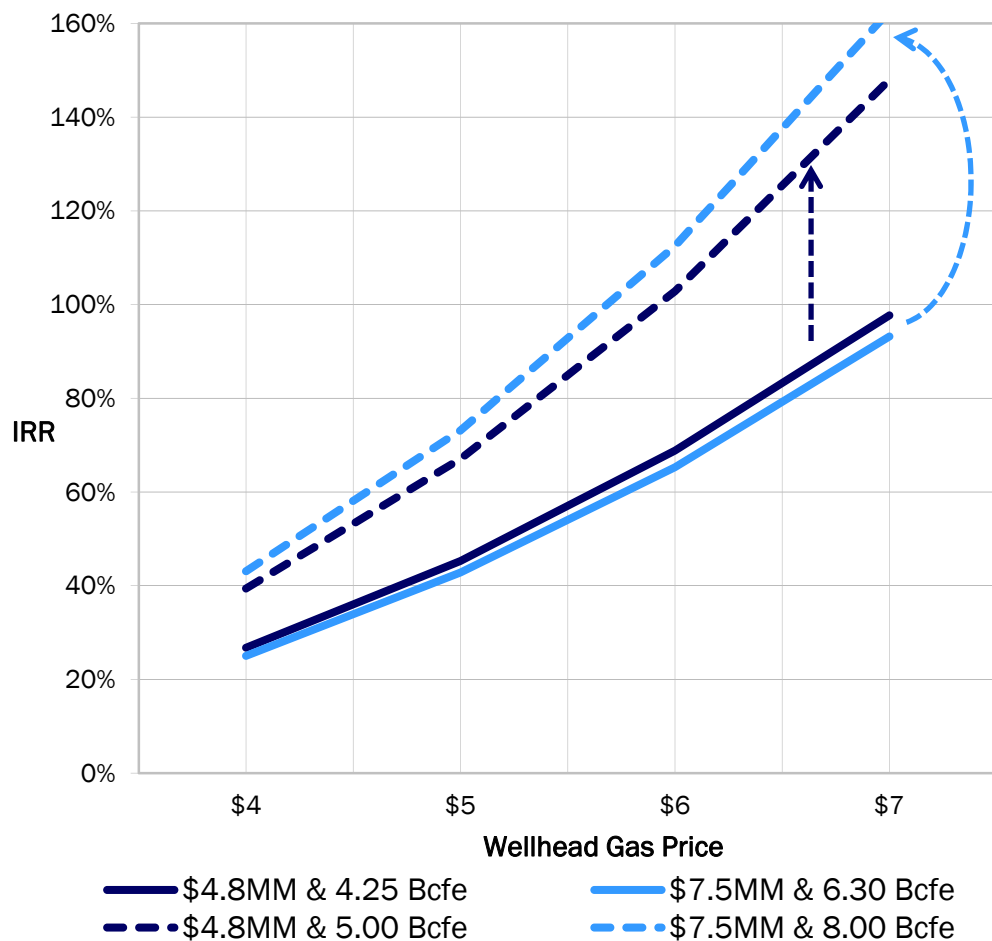
	4.00 Bcfe	6.00 Bcfe
Vertical Depth	13,500'	13,500'
Well Cost:	\$4.8 MM	\$4.8 MM
Reserves/well:	4.0 Bcfe	6.0 Bcfe
IRR*:	29%	69%
F&D Cost/Mcfe:	\$1.49	\$0.99
Payout, months:	45.2	20.8
Reserve Life, yrs:	32.0	38.0

\* Economics at \$5.00/Mcf wellhead price

# Emerging Marcellus Shale Gas



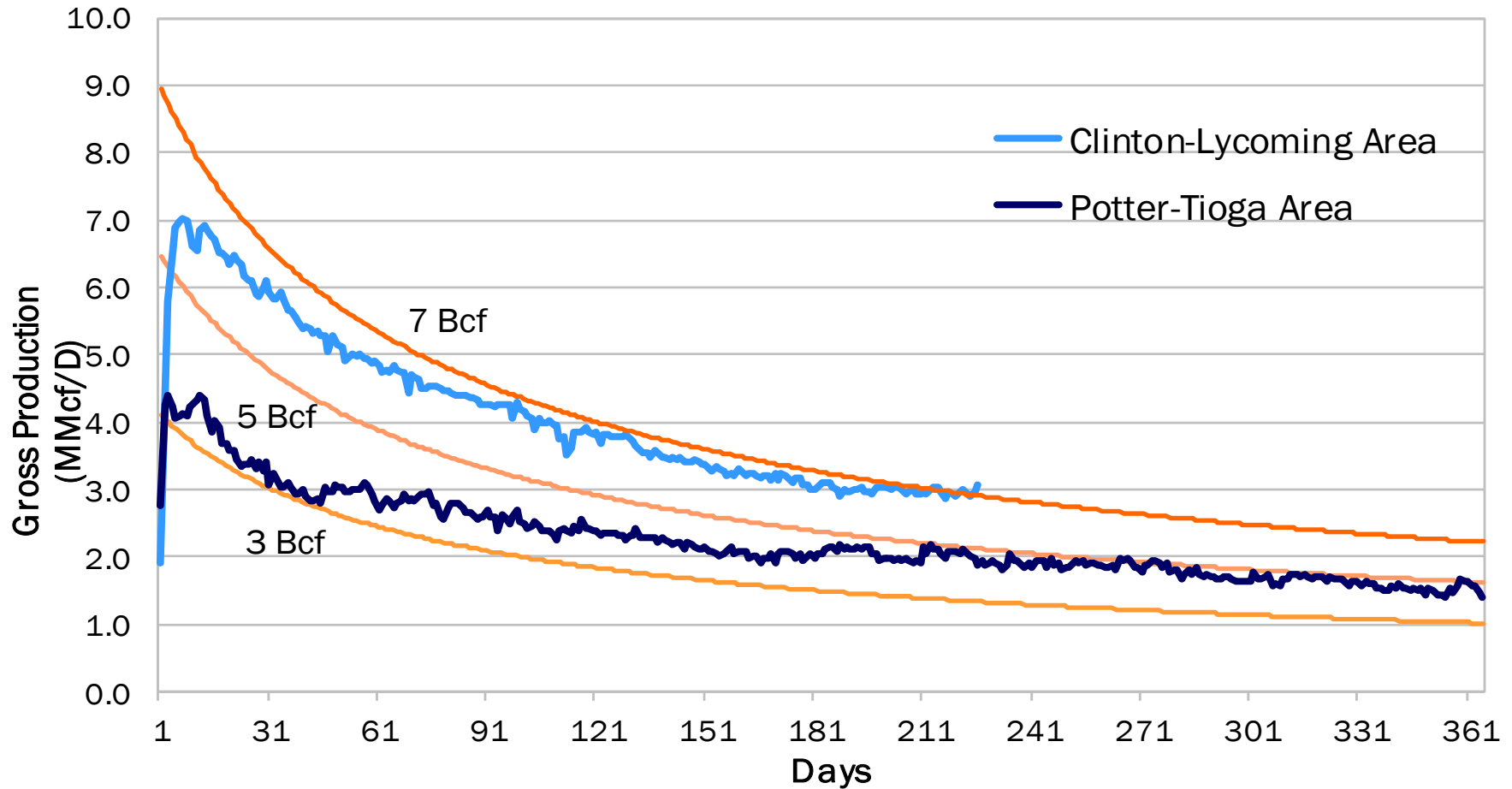
# Strong Marcellus Well Economics



	4.25	6.30
	Bcfe	Bcfe
Vertical Depth	5,600'	7,500'
Well Cost:	\$4.8 MM	\$7.5 MM
Reserves/well:	4.25 Bcfe	6.30 Bcfe
IRR*:	45%	43%
F&D Cost/Mcfe:	\$1.33	\$1.36
Payout, months:	28.2	29.9
Reserve Life, yrs:	36.0	41.8

\* Economics at \$5.00/Mcf wellhead price

# Conservative Type Curve Estimates





# Net Risked Resource Potential

## Wyoming Lance

10.7 Tcfe

- 2,900 net wells
- \$13,500MM future capital
- \$1.26/Mcfe F&D cost

## Pennsylvania Marcellus

9.5 Tcfe

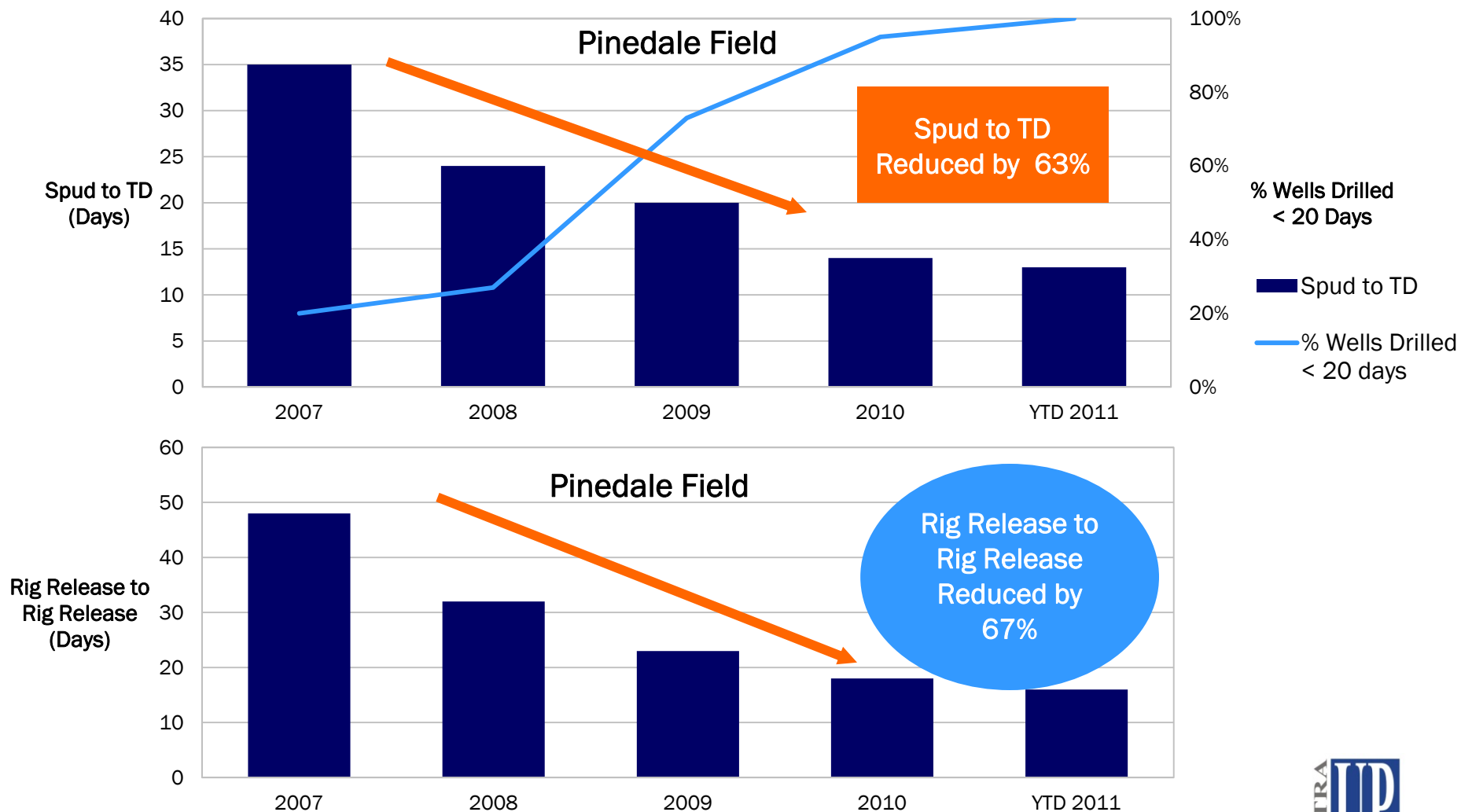
- 2,500 net wells
- \$15,400MM future capital
- \$1.62/Mcfe F&D cost

## Total Resource

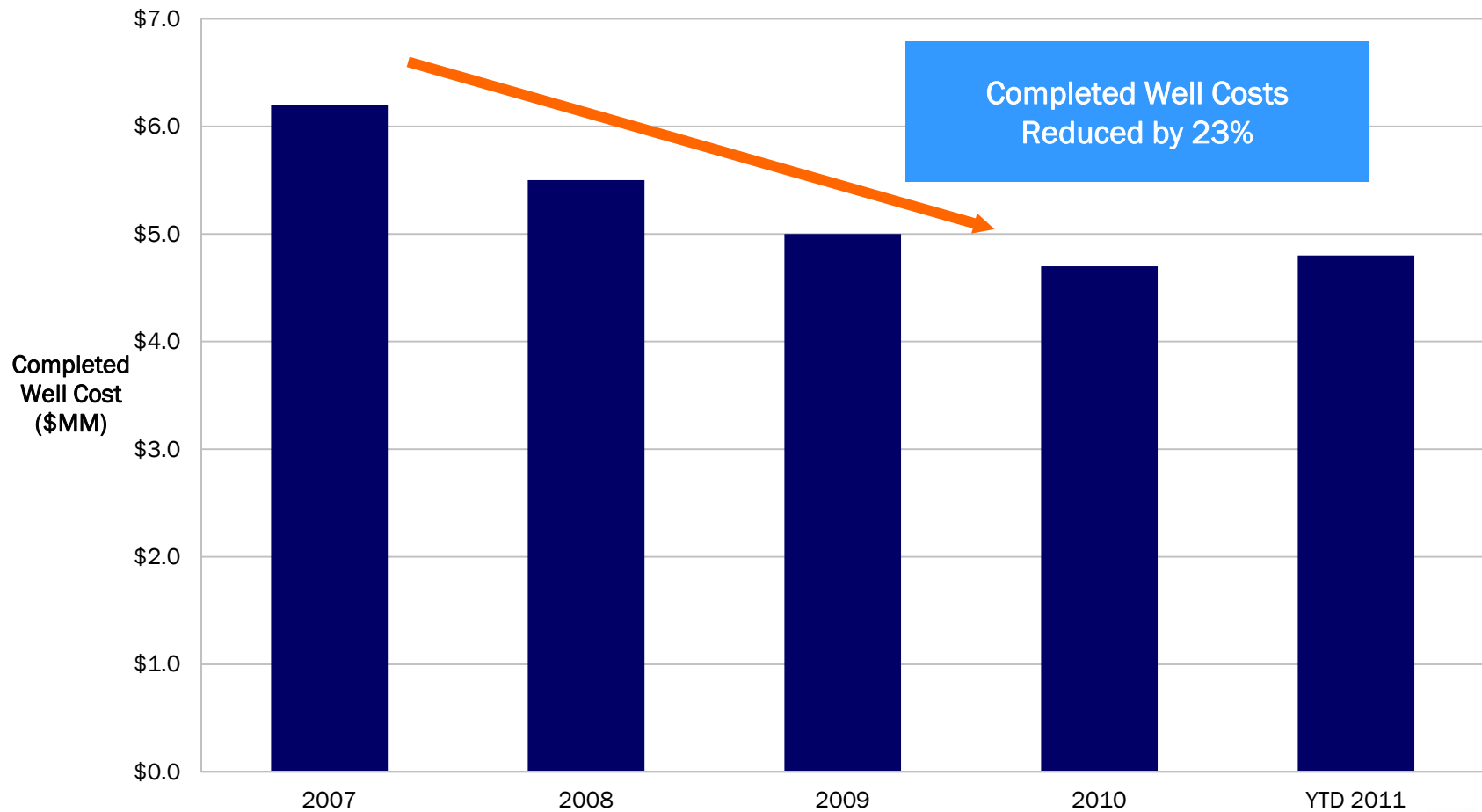
20.2 Tcfe

- 5,400 net wells
- \$28,900MM future capital
- \$1.43/Mcfe F&D cost

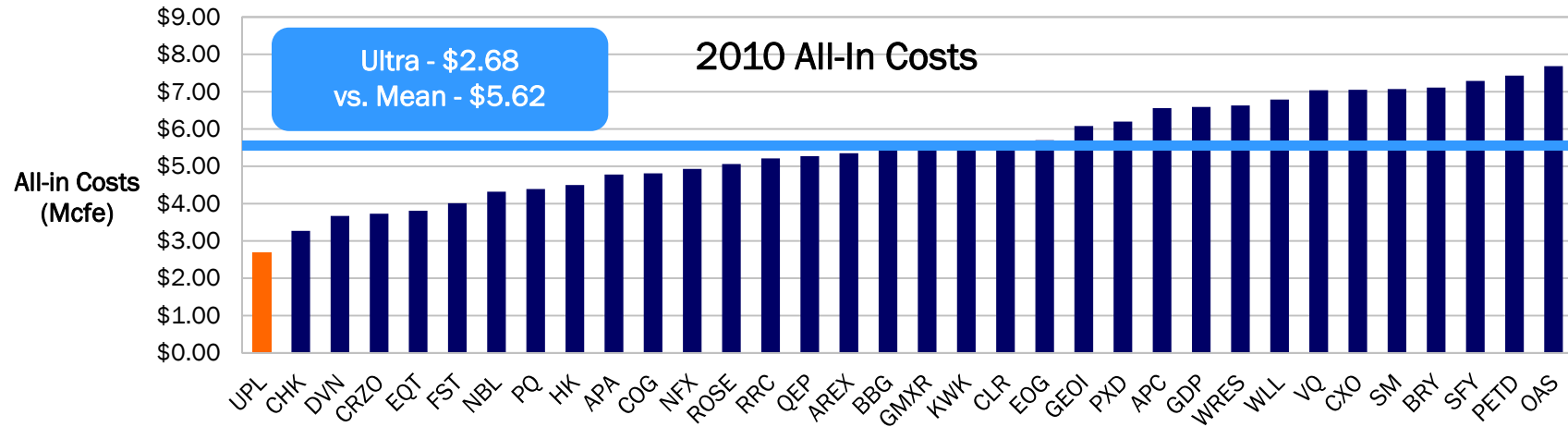
# Improving Operating Efficiencies...



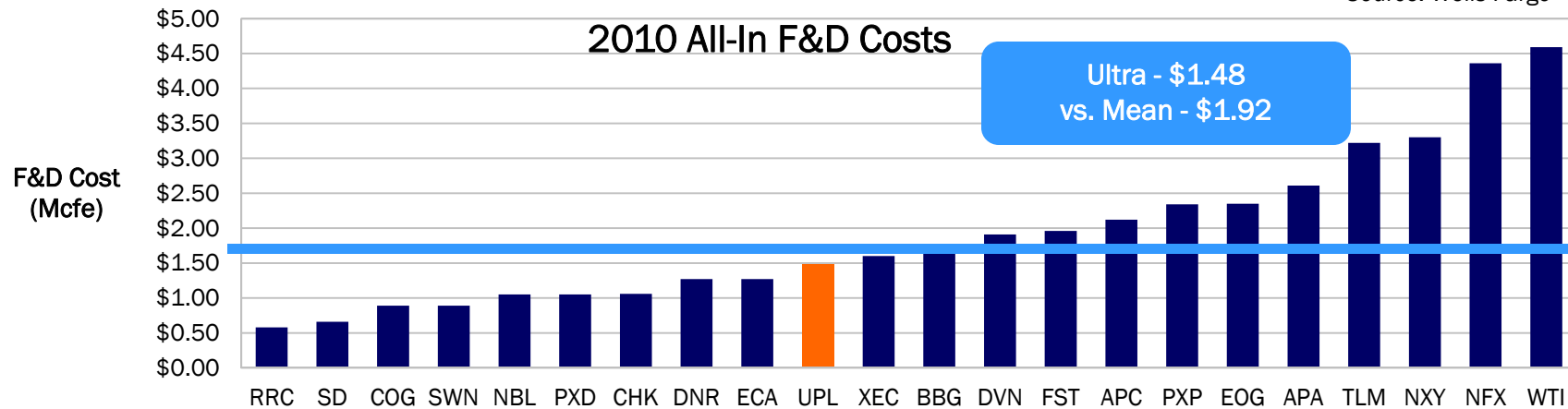
# ...Leads to Further Cost Reductions



# Industry's Low-Cost Operator



Source: Wells Fargo

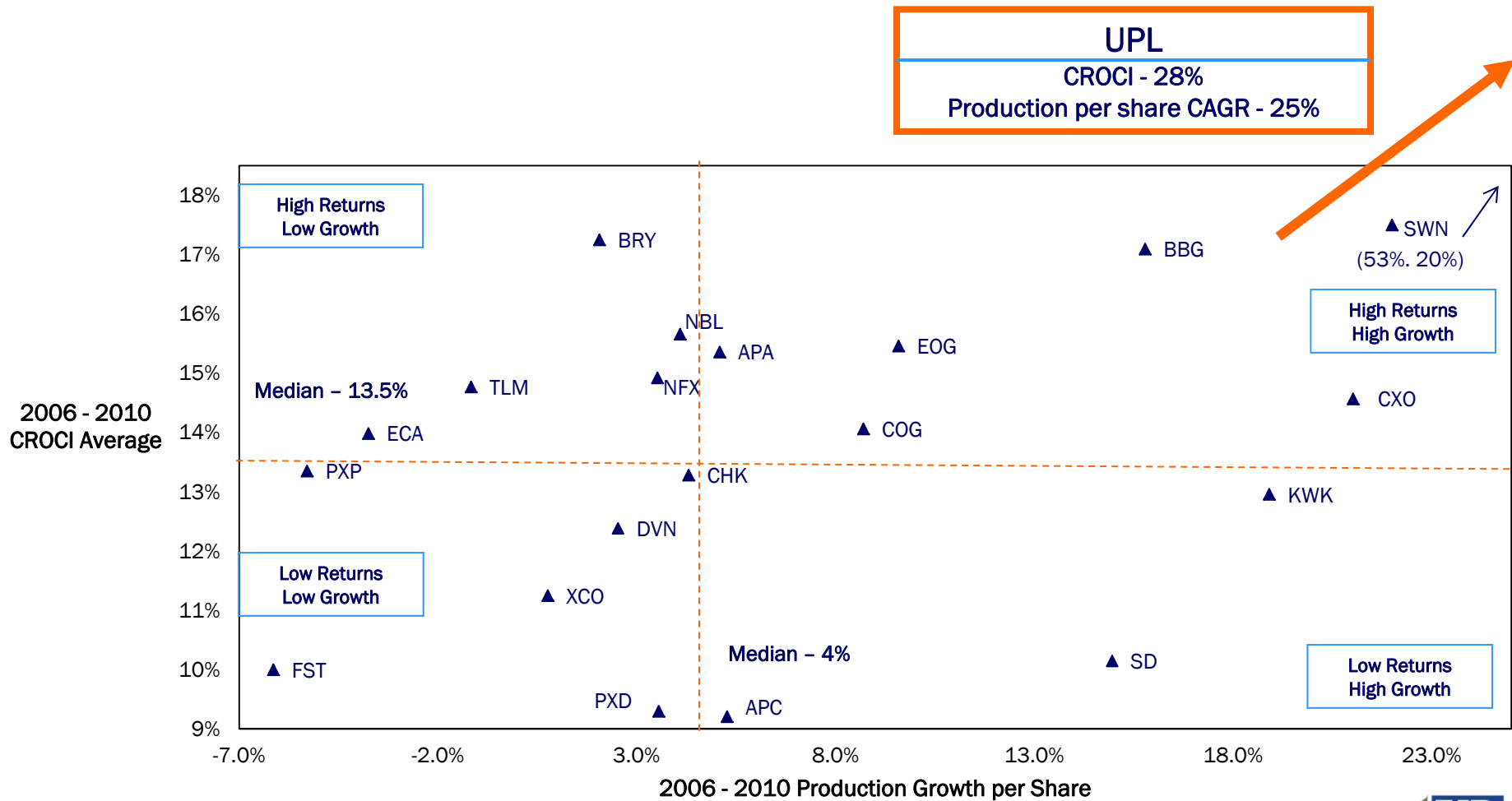


Source: Morgan Stanley

Ultra Petroleum Corp. NYSE: UPL



# Focused on Creating Long-Term Value



Source: Goldman Sachs

Ultra Petroleum Corp. NYSE: UPL



# The Ultra Petroleum Story

High asset quality

Robust investment portfolio

Profitable growth strategy

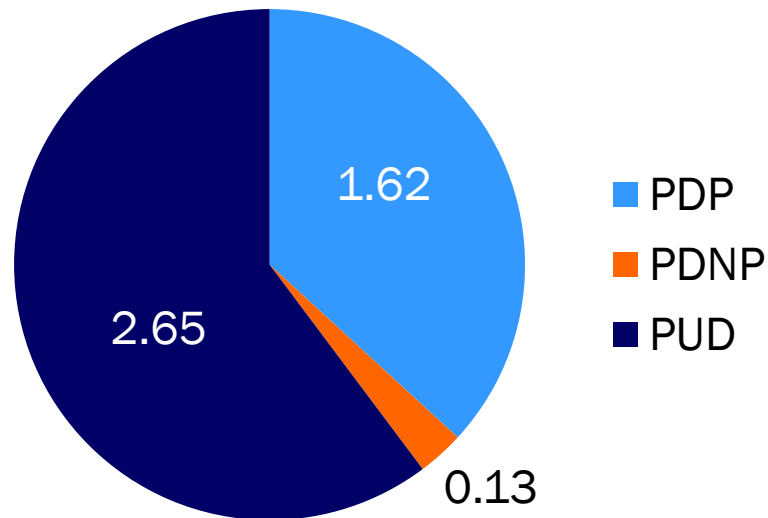


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# 2010 Proved Reserves

SEC Proved Reserves  
4.4 Tcfe\*

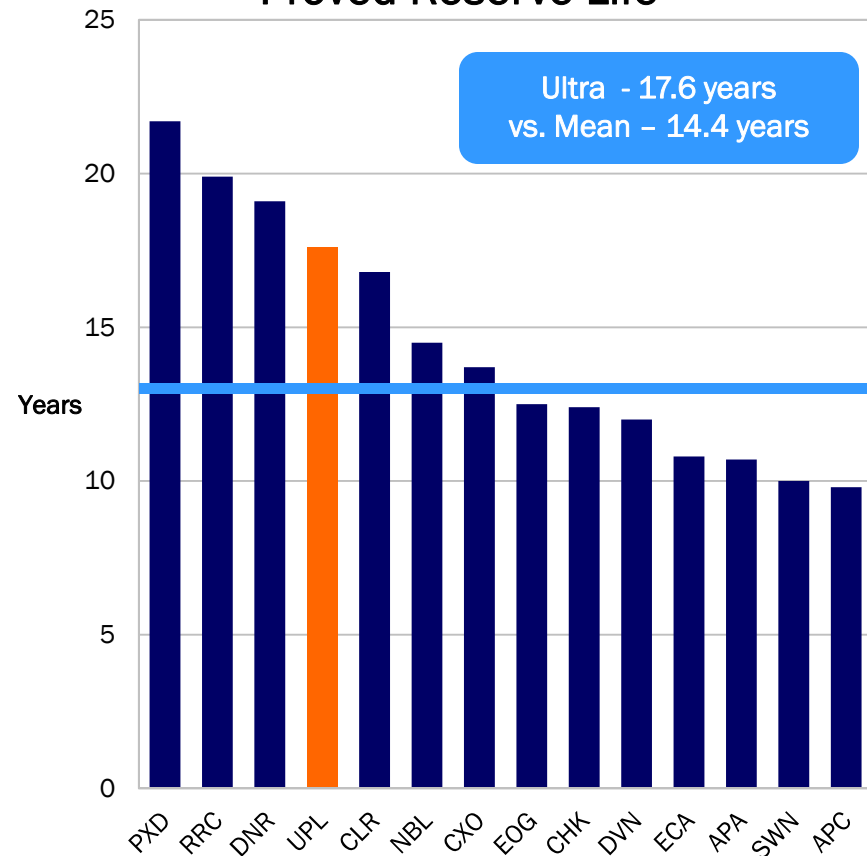


\$5.0B PV-10 value  
\$4.05/Mcf

\* 3-year PUD limit

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Proved Reserve Life



Source: ISI



# 2010 Real Reserve Value

<u>Reserve Category</u>	Net Reserves (Bcfe)	\$6/Mcf PV-10 \$MM	\$5/Mcf PV-10 \$MM
Proved*	8,868	\$11,604	\$8,669
Probable	<u>2,248</u>	<u>\$1,651</u>	<u>\$1,066</u>
<i>2P: (Proved + Probable)</i>	<i>11,116</i>	<i>\$13,255</i>	<i>\$9,735</i>
Possible	<u>4,795</u>	<u>\$3,860</u>	<u>\$2,552</u>
<i>3P: (Proved + Probable + Possible)</i>	<i>15,911</i>	<i>\$17,115</i>	<i>\$12,287</i>

\*No PUD time limit



# The Ultra Petroleum Story

High asset quality

Robust investment portfolio

Profitable growth strategy

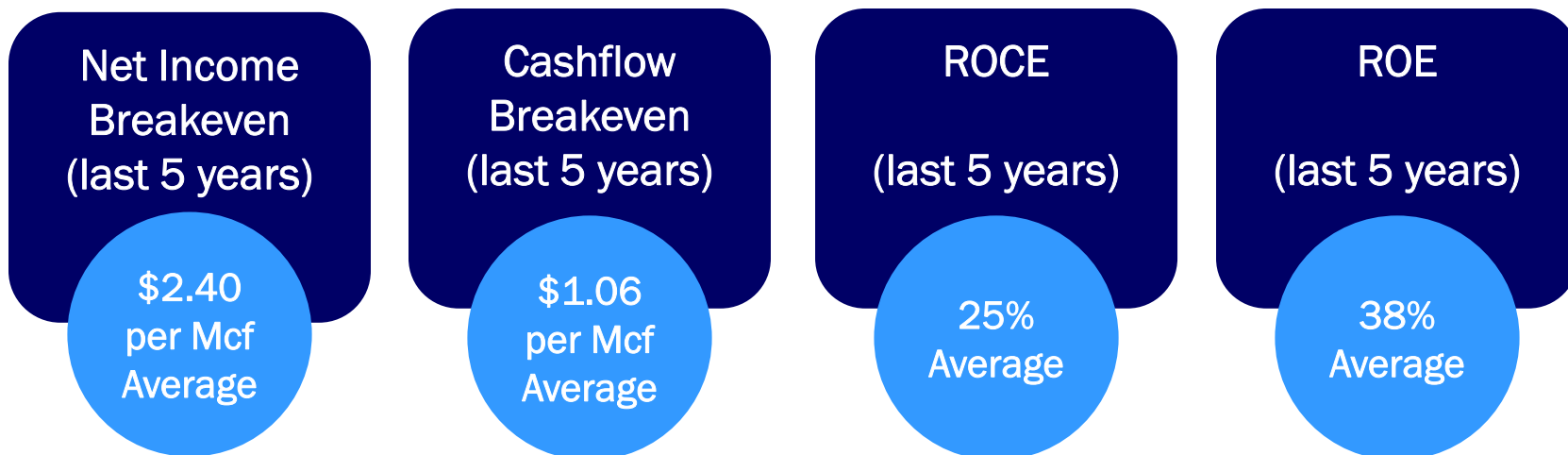


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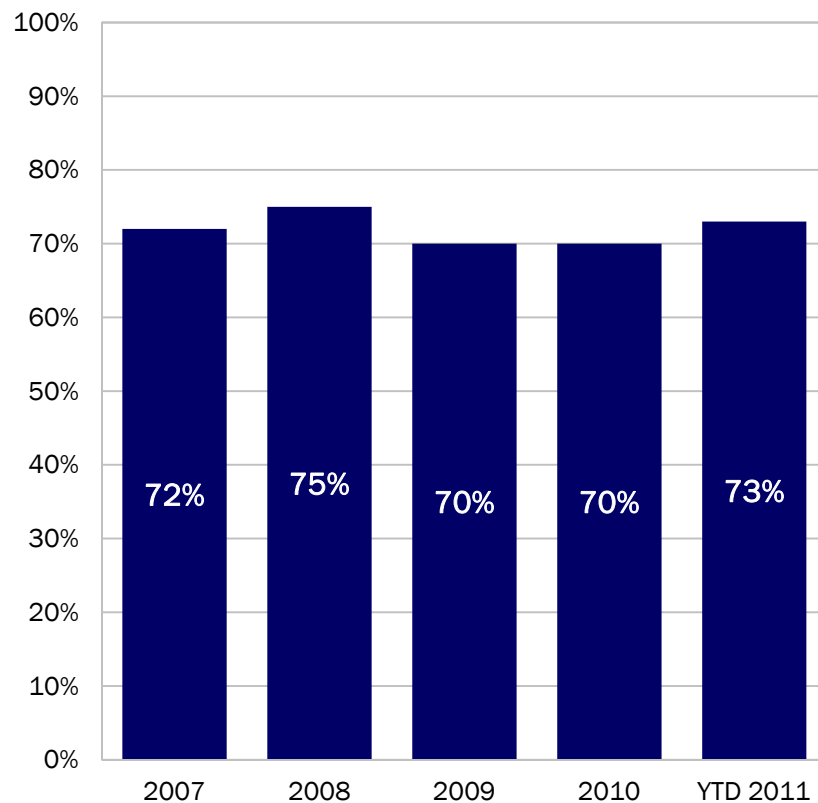
# Impressive Performance Record

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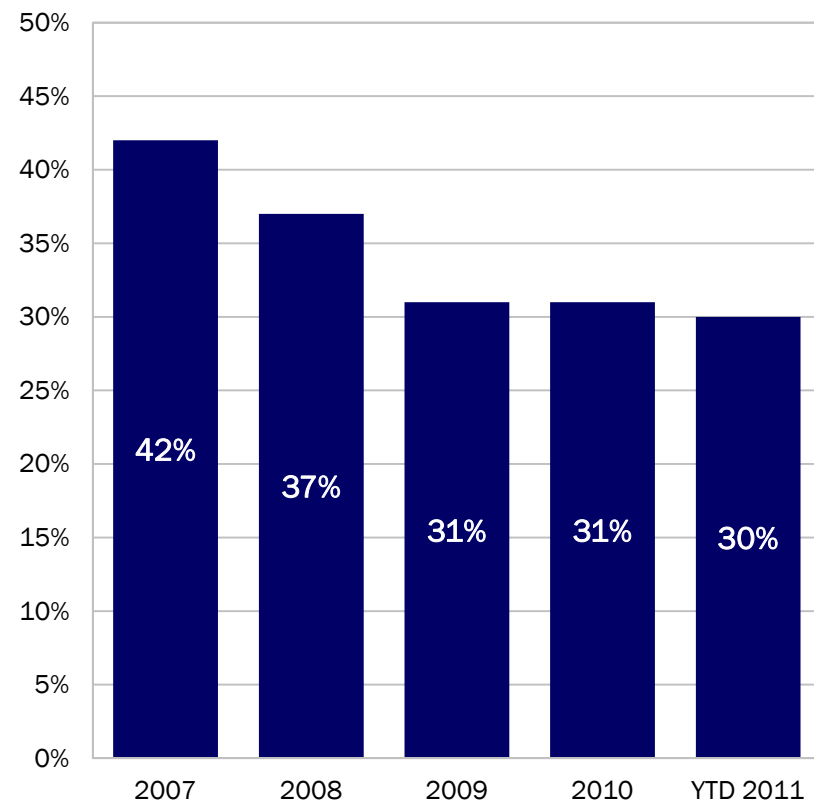


# Strong & Stable Margins

## Cash Flow Margin

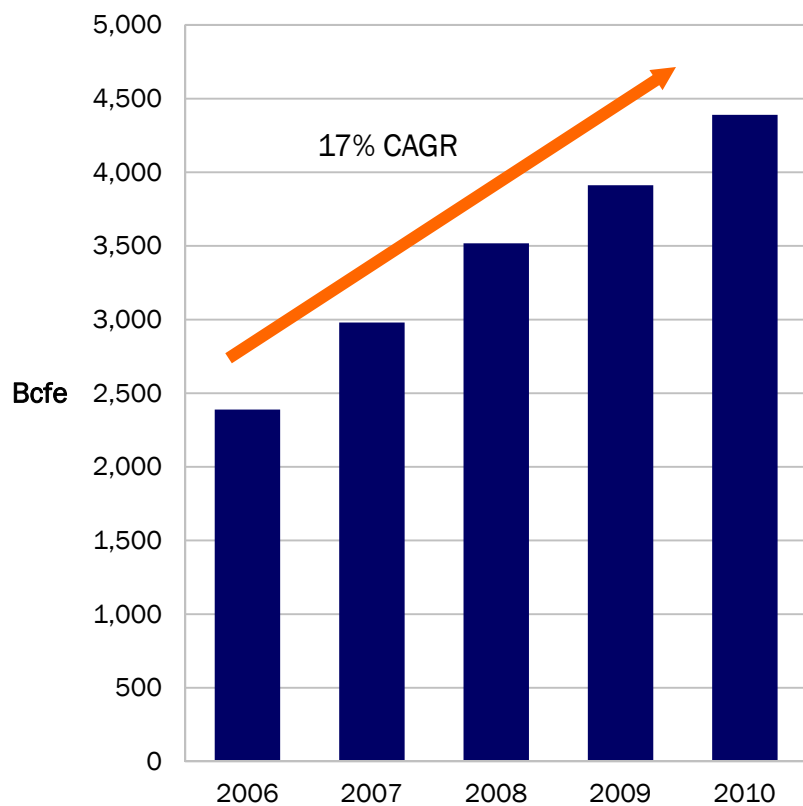


## Net Income Margin

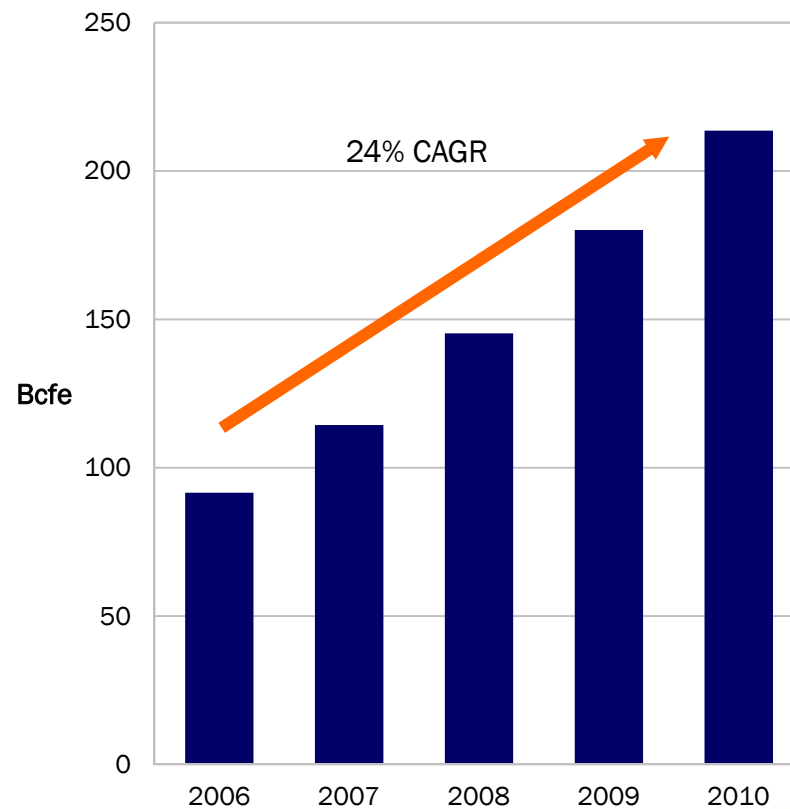


# Consistent Absolute Growth...

## Proved Reserve Growth

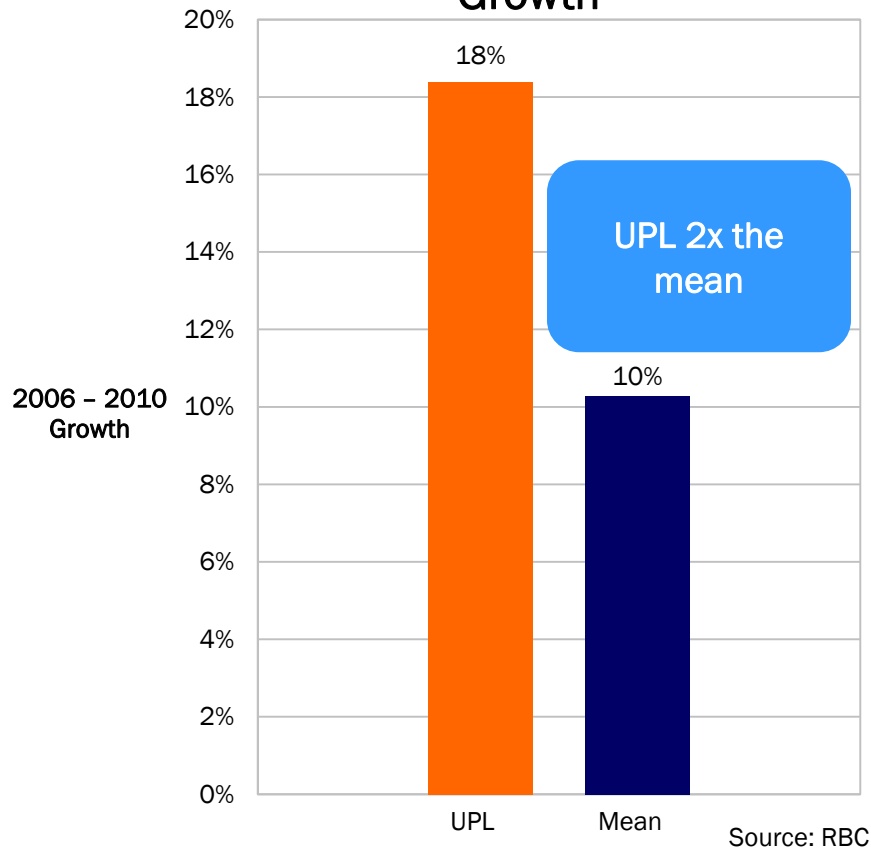


## Production Growth

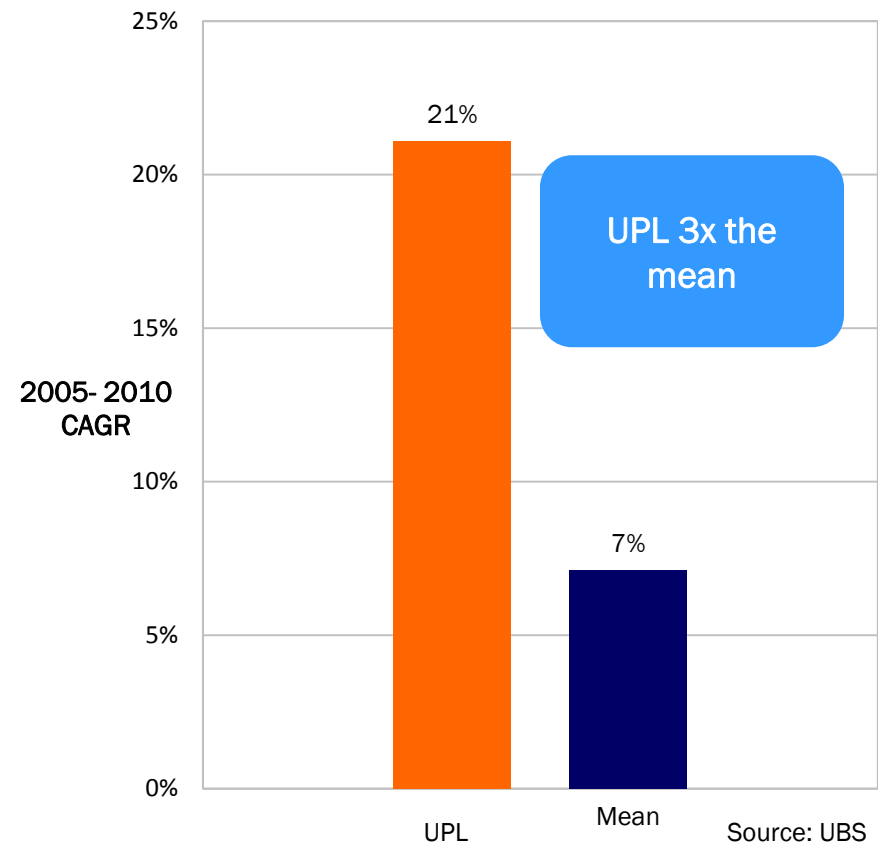


# ...And Leaders in Per-Share Growth

## Proved Reserves per Share Growth

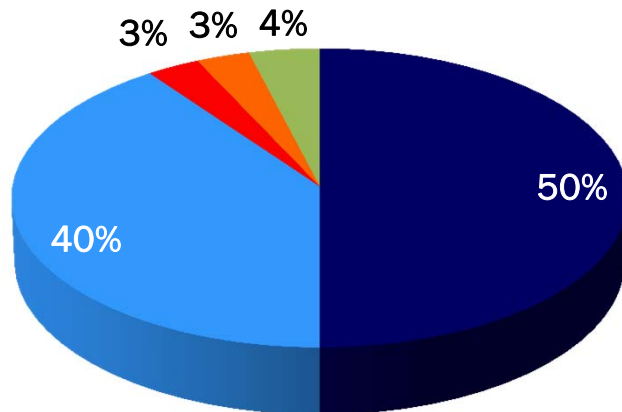


## Production per Debt-Adjusted Share Growth



# Outlook for 2011

## 2011 Capital Investment Program \$1.35B



- Target drilling program
  - 234 gross (135 net) Wyoming wells
  - 198 gross (89 net) Pennsylvania wells
- Production goal 245 – 255 Bcfe
  - 15 – 19% growth
- Target reserve replacement ratio >200%

# Where are We Going?

	<u>2010A</u>	<u>2011E</u>	<u>2012E</u>	<u>2013E</u>
<u>Operations</u>				
Realized price (\$/Mcf)	\$ 4.88	\$ 5.08	\$ 5.00	\$ 5.50
Capex (\$MM)	\$ 1,576	\$ 1,350	\$ 1,100	\$ 1,100
Production (Bcfe)	214	250	290	330
<u>Income Statement (\$MM)</u>				
EBITDA	\$ 818	\$ 1,055	\$ 1,185	\$ 1,515
<u>Balance Sheet (\$MM)</u>				
Ending debt balance	\$ 1,560	\$ 1,900	\$ 1,885	\$ 1,605
Target debt (2x EBITDA)	\$ 1,636	\$ 2,110	\$ 2,370	\$ 3,030

# The Ultra Petroleum Story

## High asset quality

- Highly concentrated asset
- Domestic, onshore natural gas
- Lowest all-in unit costs

+

## Robust investment portfolio

- 5,400 future net drilling locations
- 20+ years inventory at 2010 cap-ex
- High rate-of-return projects

+

## Profitable growth strategy

- 50% forecasted production growth over 3 years
- Free cash flow year-end 2012
- Delivering outstanding returns to shareholders





# Appendix

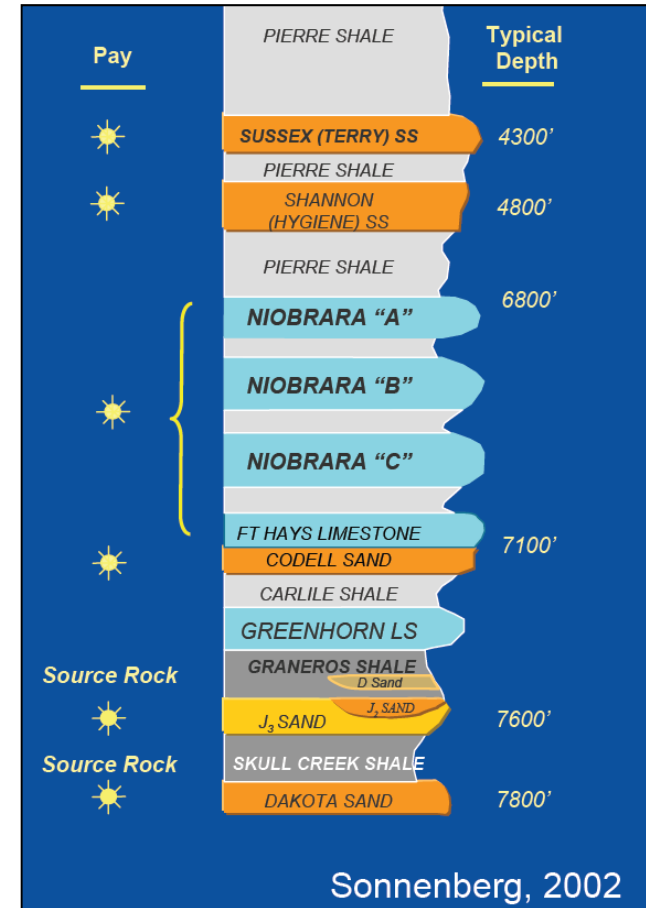


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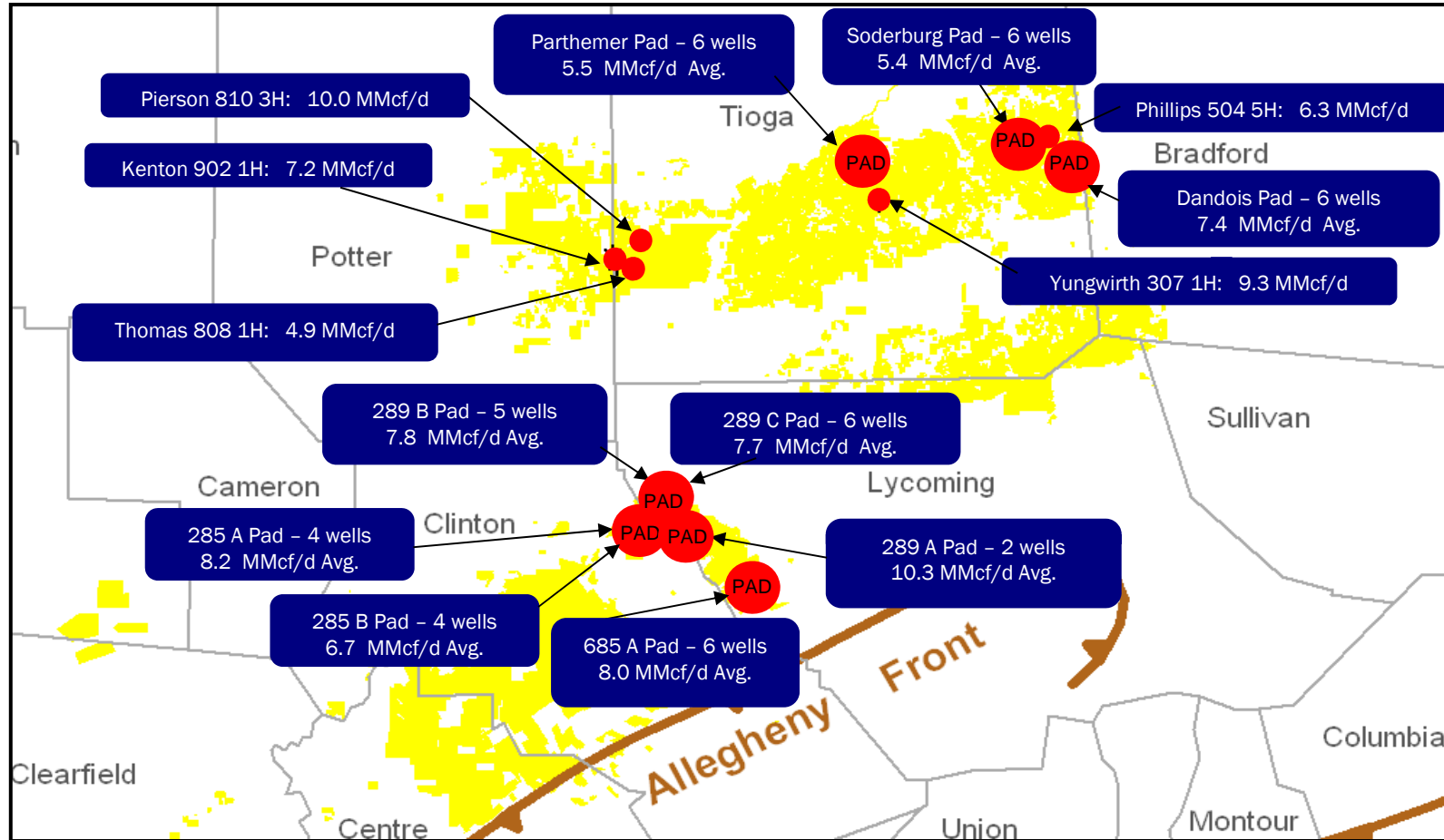


# New Ventures Activity

- 100,000 net acres in the DJ Basin
  - Targeting liquids-prone Niobrara Formation
- Resource exposure
  - 200,000 – 400,000 Bbls of oil per well
  - > 150,000 MBbls oil net resource upside
- Current plans
  - Drill & complete 4 vertical wells Q4'11 – Q1'12
    - 5,000 – 7,500 feet depth range
    - Obtain additional log and core data
  - Continue acquiring acreage & seismic
  - Begin horizontal evaluation program Q2'12
- Play attractiveness
  - Mapped thickness, thermal maturity, net oil pay
  - Modern shale logs in key well
  - Fracture identification logs in key well
  - 21 square miles of 3D seismic
  - Conventional core in Niobrara “C” Bench



# Consistent Marcellus Performance



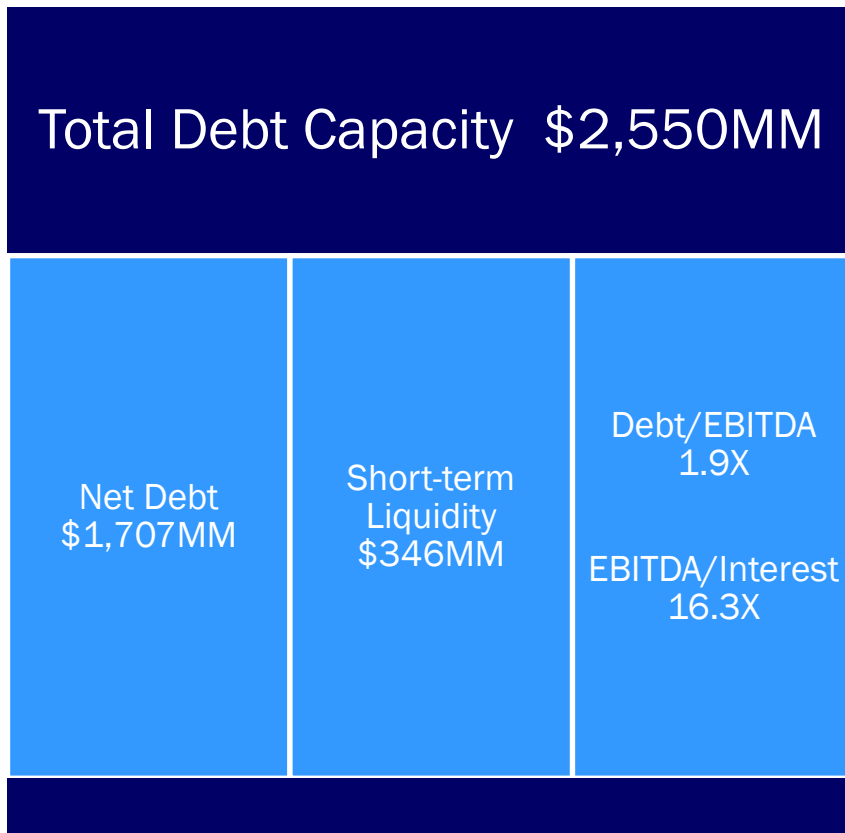
# Marcellus Technical Reviews: What We are Learning

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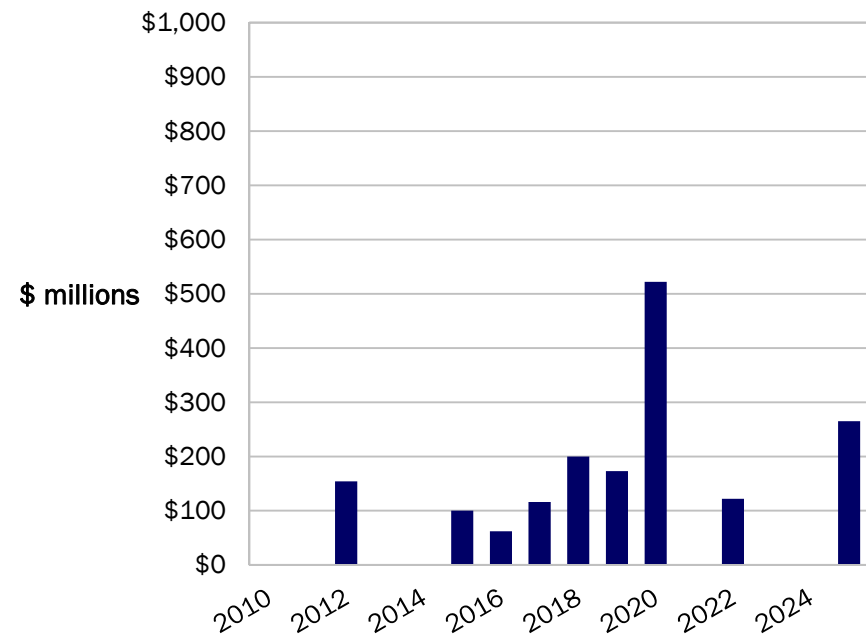
- **High-grading acreage to optimize returns**
  - Utilizing seismic attributes to delineate resource sweet spots
  - Expanding 3D coverage from 315 sq-mi to 455 sq-mi
- **Studying correct well spacing – currently 110 acres per well**
  - 3 downspacing pilots completed with 2 more planned
  - Encouraged by preliminary 500' to 750' well-spacing results
- **Conducting completion cost studies**
  - Pilot studies for stage count and frac volume reduction
  - Achieving comparable well performance with fewer stages, less water and less proppant → reduces costs
  - Additional 3 stage spacing pilots and 2 frac volume pilots planned

# Financial Strength

June 30, 2011



Maturity Profile



Weighted avg. cost of debt 5.2%  
Weighted avg. maturity 8.1 years

# Providing Certainty to Cash Flow: Hedging Summary

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<u>Time Period</u>	<u>Total Volume (Bcf)</u>	<u>Average Price (\$/MMbtu)</u>
Q3 2011	54.7	\$5.13
Q4 2011	<u>40.7</u>	\$5.31
YTD 2011	95.5	\$5.21
Q1 2012	27.3	\$5.03
Q2 2012	35.5	\$5.02
Q3 2012	35.9	\$5.02
Q4 2012	<u>30.4</u>	\$5.03
Total 2012	129.1	\$5.02

Refer to Ultra Petroleum's website for detailed hedge positions as of Aug. 10, 2011.  
Amounts on a Bcf basis may not total due to rounding

# Profitable Reinvestment Opportunities

		Reserve Size - Pinedale Wells				
		4 Bcfe	5 Bcfe	6 Bcfe	7 Bcfe	8 Bcfe
Gas Price	\$4/Mcf	16.5%	27.9%	41.7%	58.2%	77.7%
	\$5/Mcf	29.0%	46.9%	69.2%	96.6%	129.8%
	\$6/Mcf	44.4%	71.0%	104.9%	147.6%	200.4%
	\$7/Mcf	63.0%	100.9%	150.3%	213.8%	294.0%
	\$8/Mcf	85.2%	137.5%	207.2%	298.5%	416.1%

Based on \$4.8MM/ Pinedale well cost

# Quarterly Guidance

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## Q3 2011 Guidance

- **Q3 2011 estimated production**
  - 62.0 – 65.0 Bcfe
- **Q3 2011 realized pricing**
  - Natural gas: 6 – 8% discount to NYMEX
  - Condensate: \$10.00 discount to NYMEX
- **Q3 2011 expense guidance**
  - Assumes \$4.31 per Mmbtu and \$96.60 per Bbl
  - Total operating costs per Mcfe \$2.86 - \$3.00



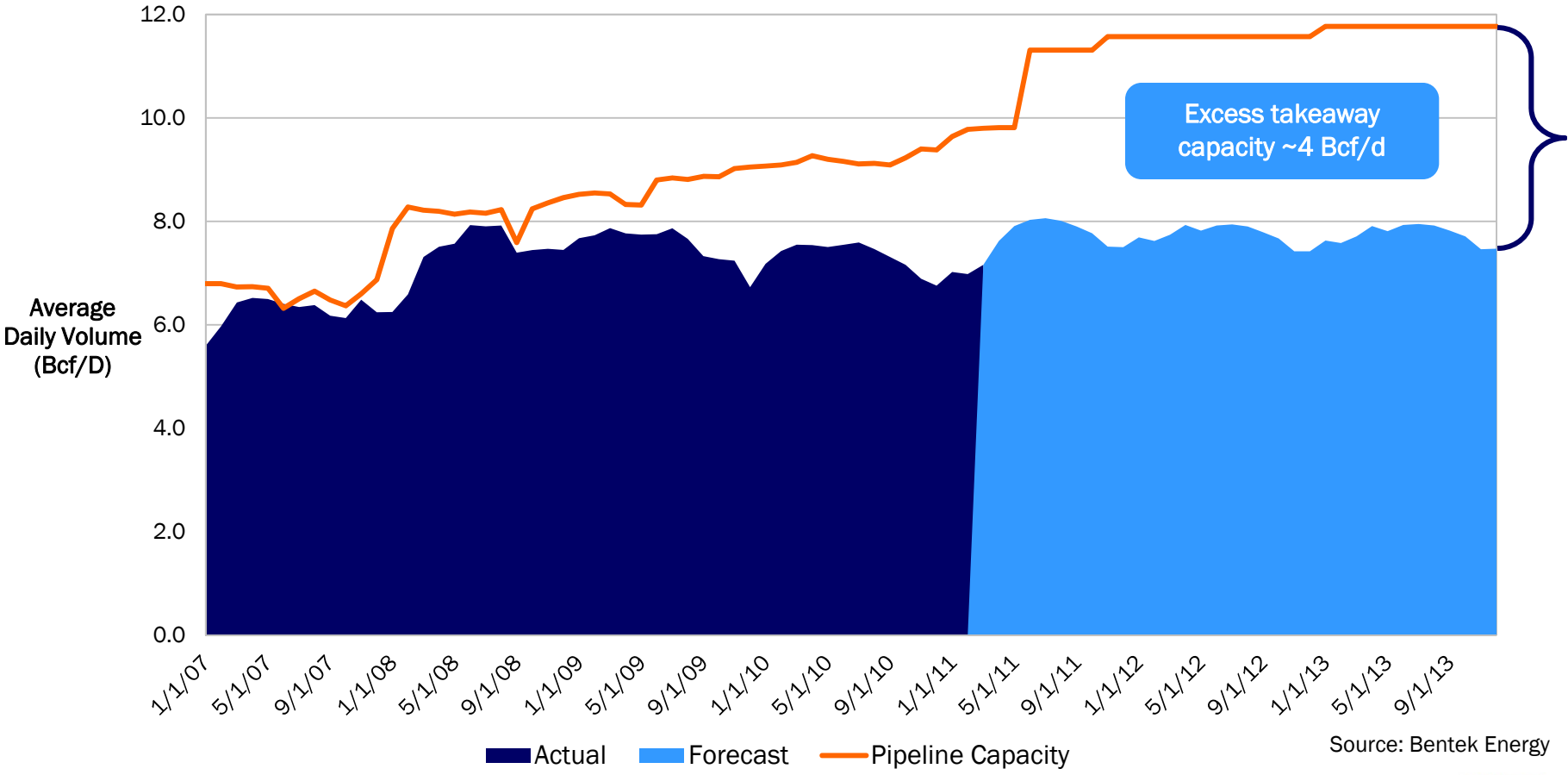
# Narrowing Basis Differentials

## Basis Differential as a Percentage (%) of Henry Hub

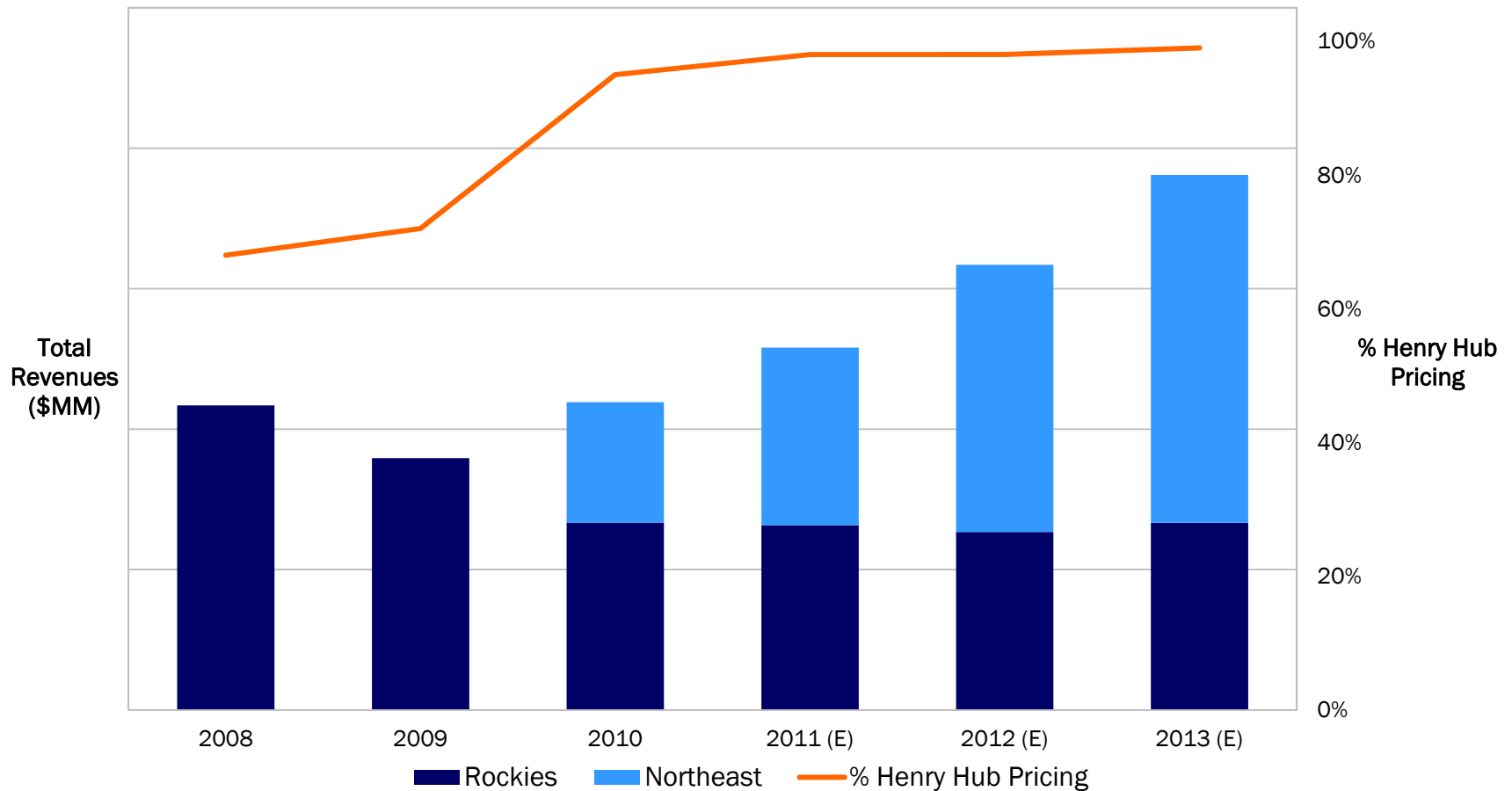
	2007	2008	2009	2010	YTD 2011	Balance 2011	2012	2013
NW Rockies	58	69	77	90	92	95	94	94
Dominion South	105	105	107	104	104	102	101	100

Source: Forecast period - Platts

# Expanding Rockies Capacity



# Changing Natural Gas Sales Mix



# Ultra Petroleum Corp.

**UPL**  
**LISTED**  
**NYSE**

- Market Data as of December 31, 2010  
Shares of Common Stock Outstanding: 152.6MM  
Market Capitalization: \$7.6B

52 Week Price Range: \$37.10 (08/25/10) - \$53.85 (06/04/10)

- Investor Contacts

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Important factors that may cause actual results to differ from the forward-looking statements in this presentation include: increased competition; the timing and extent of changes in prices for crude oil and natural gas; the timing and extent of discovery, development, production and estimation of oil and natural gas reserves; the effects of weather and government regulation; the availability of oil field personnel and services and equipment; and other risks detailed in the company's SEC filings, particularly in its Annual Report on Form 10-K available from Ultra Petroleum Corp. at 363 North Sam Houston Parkway E., Suite 1200, Houston, TX 77060 (Attention: Investor Relations). You can also obtain this information from the SEC by calling 1-800-SEC-0330 or from the SEC's website at [www.sec.gov](http://www.sec.gov).

This presentation contains certain non-GAAP financial measures. Reconciliation and calculation schedules for the non-GAAP financial measures can be found on our website at [www.ultrapetroleum.com](http://www.ultrapetroleum.com).

SEC guidelines prohibit descriptions of potential reserves in filings with the SEC. We use the terms reserve "potential" or "upside" or other descriptions of volumes of reserves or resource that are potentially recoverable through additional drilling or recovery techniques that the SEC's guidelines may prohibit us from including in filings with the SEC. These estimates are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of being actually realized by the Company.

