

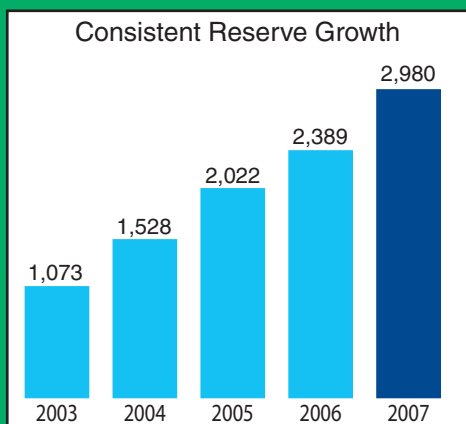
2007 ANNUAL REPORT



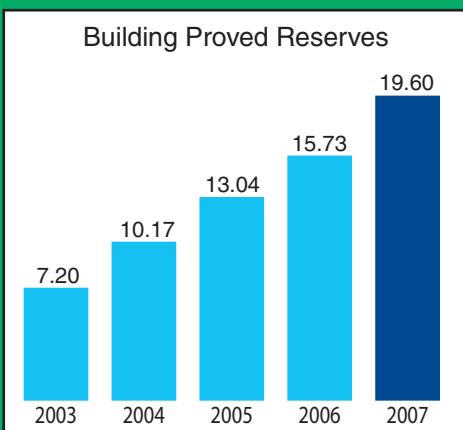
ULTRA PETROLEUM CORP.



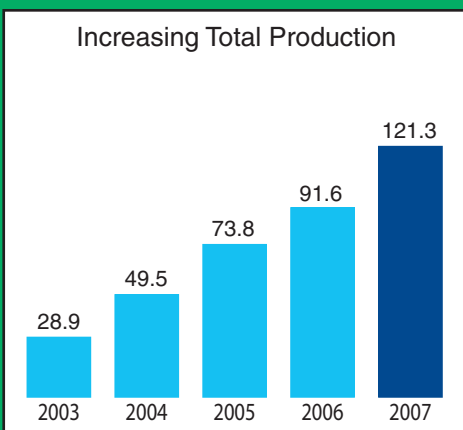
DEAR FELLOW SHAREHOLDERS,



Year-End Proved Reserves - Bcfe



Proved Reserves Per Share* - Mcfe



Production - Bcfe

As we look in the rear view mirror and reflect on the year that just passed, we are heartened by our successes given the challenging natural gas price environment in the Rockies during most of 2007. Then, as we cast our eyes forward to see where we are heading in 2008, Ultra's position has never been better. In 2007, we kept true to our goal of profitable growth by establishing new records for production, earnings and cash flow. Our successes position us for long-term growth in production and reserves while maintaining our industry leading financial returns. Let's discuss 2007 in greater detail.

Operationally, we achieved record production of 121.3 Bcfe, an increase of 32 percent from 91.6 Bcfe in 2006. This new, all-time record was established in spite of selling our Chinese offshore oil assets in October 2007. Over the past five years, our production has grown over 300 percent or at a compound annual growth rate of 43 percent – an exceptional accomplishment.

A better sense of the true value that we are creating is measured by our ability to increase our natural gas and crude oil reserves. To continue being successful, we must add more natural gas and crude oil reserves annually than we produce. In 2007, we replaced 601 percent of our 2007 production with the increase in our proved reserves. Our proved reserves grew to approximately 3.0 Tcfe. In addition to our proved reserves, our third party reservoir engineering firm has identified, engineered, and run very profitable economics on 7.7 Tcfe of low-risk, near-proved natural gas and crude oil reserves that are all located within the existing fairway of the Pinedale and Jonah Fields. Therefore, Ultra's total reserves at year-end 2007 are 10.7 Tcfe, an increase from 9.9 Tcfe at year-end 2006. This increase is primarily a direct result of our efforts to better delineate the field.

As always, our cost structure remains at the forefront of our daily operations. In 2007, we were leaders in our industry with low costs both in terms of total costs as well as finding and development costs. On a per unit basis, total costs registered \$2.61 per Mcfe, and finding and development costs were an industry leading \$0.98 per Mcfe. Our net income break even was an exceptional \$2.29 per Mcfe and our cash flow break even is still under one dollar coming in at an excellent \$0.88 per Mcfe.

*share prices are adjusted to reflect a two-for-one stock split on May 10, 2005

During 2007, we endured some of the weakest natural gas prices in recent years. Ultra's realized natural gas price in 2007 was \$4.66 per Mcf, down 22 percent when compared to \$6.00 per Mcf in 2006. While suffering these low natural gas prices, we still achieved record revenues of \$566.6 million and record earnings of \$263.0 million, or \$1.66 per diluted share. Our return on equity was 36 percent and return on average capital employed was 27 percent. With the strength in our financial performance, we continued to buy back stock under the share repurchase plan that we implemented in 2006. During 2007, we repurchased 1,696,492 shares at an average price of \$56.76 per share. Since the inception of the program, we have repurchased an aggregate \$294.5 million at a weighted average price of \$51.73 per share. This represents almost four percent of the company's outstanding shares. With the strength in our financial performance and the firm belief that our assets are worth more tomorrow than they are today, there is no better way to invest in Ultra's future than repurchasing our own stock.

Over the past seven years, we have systematically increased the number of wells drilled in tandem with the increase in our annual capital budget. In 2007 we spent \$712.3 million, the largest capital budget in the company's history, while drilling 212 gross (105 net) wells with a 100 percent drilling success rate in Wyoming. The average days to drill a well reached a new record of 35 days, a 43 percent improvement over 61 days in 2006. There was even a new record established of 17.5 days for spud to total depth (TD). The overall improvement in drilling efficiencies is best illustrated by the fact that 75 percent of the wells drilled spud to TD in 2007 were in 40 days or less. This is a remarkable improvement as prior to 2007, there had never been a well drilled in less than 40 days.

Let us look ahead at 2008's largest value drivers creating what I believe will be Ultra's best year ever.

We will lead the industry with organic production growth while continuing to deliver strong returns. Maintaining our low cost structure is the best way to protect our strong returns. The size of our natural gas resource in Wyoming, as measured by Original Gas in Place and recoverable natural gas net to Ultra, will keep expanding through our multi-year delineation drilling program. We will deliberately execute our development plan to test the field limits and drill in new sections to more fully understand the potential of the field. The additional interstate natural gas pipeline capacity out of the Rockies to the Midwest and eventually the Northeast has already had a positive impact on increasing Wyoming natural gas prices that we believe is permanent. With the anticipated increased access to acreage in Pinedale, we will accelerate development of the natural gas resource to the benefit of the American energy consumers and our shareholders. As we evolve to a "fit for purpose" rig fleet this will translate into additional cost savings and we will reap the benefits. We will continue to re-invest in Ultra through our share repurchase program because we believe our long-life natural gas assets will be worth more tomorrow than they are today.

"Ultra's position has never been better. In 2007, we kept true to our goal of profitable growth by establishing new records for production, earnings and cash flow."



“Investing in our delineation, exploration, and non-sand pay projects will drive tomorrow’s value. I believe that 2008 will be our best year ever.”

In summary, over the past handful of years, we have deliberately made strategic decisions that are now playing out and setting the stage for growth and additional value creation. We continue to make similar strategic decisions today. Investing in our delineation, exploration, and non-sand pay projects will drive tomorrow’s value.

It is noteworthy to mention that Ultra was listed in the Wall Street Journal’s “Best Performers List” in 2008. Based on a five-year average stock return of over 70 percent, the company is one of the top 25 performing companies in the United States.

I wish to thank the Board of Directors for their guidance and counsel throughout the year. I would also like to give special recognition to board member Jim Roe who retired this past year and welcome our newest director Roger Brown. I would like to thank all the Ultra employees who execute on our plan day in and day out and through their focused and deliberate efforts drive current and future shareholder value. The company’s continued success and ability to create shareholder value is the direct result of their hard work and dedication. And, above all, I wish to thank our shareholders for continuing to invest their trust in Ultra Petroleum. I believe that 2008 will be our best year ever.



Michael D. Watford
Chairman, President
and Chief Executive Officer



CORPORATE INFORMATION

BOARD OF DIRECTORS

Michael D. Watford⁽¹⁾
Roger A. Brown⁽²⁾ ⁽⁴⁾
W. Charles Helton⁽²⁾ ⁽³⁾ ⁽⁴⁾
Stephen J. McDaniel⁽²⁾ ⁽³⁾ ⁽⁴⁾
Robert E. Rigney⁽³⁾

- ⁽¹⁾ Chairman of the Board
⁽²⁾ Member of the Audit Committee
⁽³⁾ Member of the Compensation Committee
⁽⁴⁾ Member of the Corporate Governance Committee

CORPORATE OFFICERS

Michael D. Watford
Chairman, President and
Chief Executive Officer

Stuart E. Nance
Vice President - Marketing

William R. Picquet
Vice President - Operations

Marshall D. Smith
Chief Financial Officer

Kelly L. Whitley
Corporate Secretary

LEGAL COUNSEL

U.S. – Haynes and Boone, L.L.P.
Canada – Bennett Jones LP
Lackowicz, Shier & Hoffman, LP

INDEPENDENT AUDITORS

Ernst & Young LLP
Houston, Texas

HEAD OFFICE

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BANK GROUP

BMO Capital Markets Financing, Inc.
BNP Paribas
Bank of America, N.A.
Citibank, N.A.
Deutsche Bank Trust Companies America
Capital One, N.A.
Comerica Bank
Compass Bank
Frost National Bank
JP Morgan Chase Bank, N.A.
Union Bank of California, N.A.

INDEPENDENT RESERVE ENGINEERS

Netherland, Sewell and Associates, Inc.
Dallas, Texas

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.
Vancouver, British Columbia
Toll Free: 1-800-564-6253
Email: service@computershare.com

CO-TRANSFER AGENT

Computershare Trust Company, N.A.
Denver, Colorado

CERTIFICATIONS

In 2007, Ultra Petroleum's Chief Executive Officer (CEO) provided to the New York Stock Exchange (NYSE) the annual CEO certification regarding Ultra Petroleum's compliance with the NYSE's corporate governance listing standards. In addition, Ultra Petroleum's CEO and Ultra Petroleum's principal financial officer filed with the U.S. Securities and Exchange Commission (SEC) all the required certifications regarding the quality of Ultra Petroleum's public disclosures in its report for the fiscal year 2007.

STOCK EXCHANGE LISTING AND TRADING SYMBOL

New York Stock Exchange: UPL
CUSIP: 903914109
Common shares outstanding at
December 31, 2007: 152,003,671

UPL
LISTED
NYSE For more information,
visit our website at:
www.ultrapetroleum.com

ANNUAL MEETING

Ultra Petroleum Corp.'s 2008 Annual Meeting of shareholders will be held at the Crowne Plaza Hotel, 425 N. Sam Houston Parkway E., Houston, Texas, on May 16, 2008 at 10:00 a.m. (Central Daylight Savings Time). All shareholders are invited to attend the meeting. Shareholders are asked to sign and return the proxy form mailed with this report to ensure representation. The annual report is not intended to be considered a part of the proxy soliciting material.

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NYSE: UPL