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March 6, 2006

By E-Mail and First Class Mail

Ralph J. Lancaster, Jr., Esq.
Pierce Atwood
One Monument Square
Portland, ME 04101

Re: *New Jersey v. Delaware*, No. 134, Original: Progress Report

Dear Mr. Lancaster,

Pursuant to the Case Management Plan, we respectfully submit Delaware's first Progress Report on the status of the case.

1. Delaware's discovery efforts. During the past month Delaware has continued its search of regional archives and libraries for historical and legal documents that shed light on the meaning of the Compact of 1905 and the parties' course of conduct thereunder. We are also in the process of issuing subpoenas to third parties, including BP.

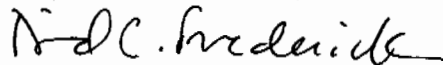
2. Unresolved disputes. Counsel from Delaware and New Jersey communicated by teleconference on February 17, 2006, regarding several discovery-related issues. New Jersey intends to file a motion on March 20, 2006, concerning discovery relating to BP. Other than this issue, we are aware of no unresolved disputes relating to discovery.

3. Further discovery anticipated during the current month. Delaware will continue its search for historical and legal documents, will continue to seek third-party discovery, and will begin work on its response to New Jersey's anticipated motion regarding discovery relating to BP.

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4. General status of the matter. Delaware is working diligently to develop the historical record and is communicating with New Jersey regarding discovery-related matters. At this juncture, the case appears to be moving forward efficiently.

Respectfully submitted,



David C. Frederick

cc: Rachel J. Horowitz, Esq.
Barbara Conklin, Esq.
Collins J. Seitz, Jr., Esq.