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September 24, 2008

By E-Mail and First Class Mail

Special Master Kristin L. Myles
Munger, Tolles & Olson LLP
560 Mission Street, 27th Floor
San Francisco, California 94105

**Re: *South Carolina v. North Carolina*, No. 138, Original:
South Carolina's Seventh Progress Report**

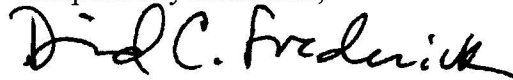
Dear Special Master Myles,

In advance of the telephonic hearing scheduled for Friday, September 26, 2008, we respectfully submit South Carolina's seventh progress report.

Discovery is ongoing. South Carolina has served and received responses to document requests and has engaged in meet-and-confer sessions. South Carolina also has received limited intervenor Catawba River Water Supply Project's ("CRWSP") first requests for admission dated September 18, 2008. Based on South Carolina's interpretation of Case Management Order ("CMO") No. 7 issued the same day, which does not afford intervenors the right to propound interrogatories, South Carolina believes that it is not obligated to respond to CRWSP's request prior to the Court's resolution of the intervention issues. Limited intervenor City of Charlotte has not produced any documents in response to South Carolina's requests, but has requested a meet and confer with South Carolina, which we expect will take place on September 25, 2008.

Pursuant to paragraph 2 of CMO 7, South Carolina earlier today transmitted to North Carolina and intervenors proposed edits to the Case Management Plan incorporating the Special Master's rulings concerning intervenors' participation pending the Court's resolution of the intervention issues.

Respectfully submitted,



David C. Frederick
*Special Counsel to the
State of South Carolina*

cc: Enclosed Service List

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Special Master

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Intervenors

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