hydrostatic pressure. Consequently, the additional surface pressure required to fracture a reservoir rock with an acid-gas column supplying the hydrostatic pressure is approximately 3,240 psi (2,240 psi + 1,000 psi).

Additional empirical data may be presented to you in the future to support further increases in surface operating pressure if necessary. Data obtained during the acid-frac in December, 2002 suggests that a significantly higher parting pressure exists for the upper perforated interval than for the lower perforated interval. During future injection operations, if the operating pressure approaches 3,240 psi it may become necessary to amend the Order again. At that time DEFS would present the appropriate data in support of its position.

Thank you for your cooperation in this matter. Please let me know whether you see any problems with amending our Order with regard to this matter.

Sincerely,

Russell E. Bentley

Russell E. Bentley
Principal Petroleum Engineer
Duke Energy

cc: Mr. Paul Owen, Esq.
Mr. Richard L. Griffith, Esq.
Mr. Steve Miller
Ms. Suzie Boyd
Mr. Robert B. Wheeler