

HAHN AND ASSOCIATES, INC.

ENVIRONMENTAL CONSULTANTS

February 17, 2010

Mr. Dana Bayuk
Oregon Department of Environmental Quality
Northwest Region, Portland Office
Portland Harbor Section
2020 SW Fourth Avenue, Suite 400
Portland Oregon 97201-4987

HAI Project No. 2708
DEQ ECSI File No. 84

SUBJECT: Progress Report, NW Natural Gasco Property, 7900 NW St. Helens Avenue, Portland, Oregon

Dear Mr. Bayuk:

Hahn and Associates, Inc. (HAI) has prepared this monthly Progress Report summarizing Remedial Investigation/Feasibility Study (RI/FS) and source control-related work activities conducted by NW Natural that have occurred relating to the Gasco property during the month of January 2010. NW Natural is completing upland investigatory activities at the subject property under the Voluntary Agreement No. ECVC-WMCVC-NWR-94-13 between NW Natural and the Oregon Department of Environmental Quality (DEQ).

1.0 Communications and Document Submittals

EPA submitted a January 7 comment letter to NW Natural that includes approval to commence the Capture Zone test plan (*Capture Zone Field Test Plan, Gasco, Portland, Oregon*, Anchor QEA, LLC, September 2009.), conditional to EPA approval of NW Natural response to the EPA letter. Anchor QEA submitted a January 20 letter responding to the January 7 EPA letter.

In correspondence dated January 11, 2010 (Dana Bayuk to Bob Wyatt), DEQ provided comments on the Capture Zone Field Test Plan. Anchor QEA submitted a January 20 letter responding to the January 11 DEQ letter.

Anchor QEA submitted a January 22 letter to Sean Sheldrake informing EPA that offshore piezometer PZ-3-40 had been damaged beyond repair and will not be replaced. The piezometer will be decommissioned later this year during river low-flow conditions.

Sean Sheldrake sent a January 28 e-mail to John Edwards (Anchor QEA, LLC) providing authorization to proceed with capture zone fieldwork per EPA's conditional approval of January 7.

On January 20, 2009 Anchor QEA, on behalf of NW Natural, submitted to DEQ (via ftp upload) the *NW Natural and Siltronic Groundwater Treatment Pilot Plant Report*, dated January 2009.

A monthly NW Natural/DEQ project coordination meeting, established to discuss technical issues related to upland risk assessment, feasibility study, and groundwater/DNAPL source control-related activities, occurred on January 21, 2010.

2.0 □ Field Work

Field activities related to monitoring and maintenance of the dense non-aqueous phase liquid (DNAPL) extraction system at the surficial fill MW-6-32 and the MW-13-30 well locations occurred during January. During January, approximately 29 gallons of DNAPL / water was pumped from wells MW-6-32 and MW-13-30 (combined). Based on visual observations during select pumping cycles, it is estimated that approximately 50% of the liquid pumped in January from MW-13-30 was DNAPL, while approximately 80% of the liquid pumped from MW-6-32 was DNAPL. System optimization, including varying the pump duration at MW-13-30 location is ongoing in an effort to decrease the water fraction produced from that location.

Discharge of treated water (groundwater from the LNG containment basin) to the City of Portland sanitary sewer was initiated on March 16, 2007 under Temporary Wastewater Discharge Permit 500.022 (expires February 15, 2012). Results of NW Natural's effluent sampling are provided to BES in Discharge Monitoring Reports that are submitted for any month that effluent sampling occurs – which is at least every other month in accordance with the permit. As of January 29, 2010, a total of 869,666 gallons of treated water have been discharged to the sanitary sewer in 2010.

On January 15, 2009, representatives from Anchor QEA, accompanied by representatives of HAI and Maul Foster Alongi (on the Siltronic property) conducted an ecological scoping level reconnaissance of the Siltronic and the adjacent Burlington Northern Santa Fe Railroad properties to document plant and animal species and upland habitat types as needed to develop an Upland Ecological Risk Assessment.

Ongoing visual sheen monitoring, consistent with a DEQ-approved monitoring plan, of the boom / sheen containment area immediately offshore of the Gasco/Siltronic property boundary were conducted during January.

Installation of the upland monitoring wells and extraction wells PW-7, 8, and 9 per the EPA approved Capture Zone Field Test plan was initiated during the last week of January.

3.0 Anticipated Activities in February and March 2010

Installation of the monitoring wells and extraction wells per the Capture Zone Test plan will continue during February. Construction of the extraction wells, well pumps, pipelines, and control systems will continue into March.

A letter confirming the routine groundwater monitoring schedule for the Gasco and Siltronic Site during 2010 will be provided to DEQ during the indicated timeframe (submitted February 8, 2010).

An Environmental Monitoring Report, to include groundwater elevation maps, DNAPL thickness measurements, and final laboratory data and validation reports for the first and

second quarters of 2009 is anticipated to be available for submittal to DEQ during the indicated timeframe (submitted via ftp upload on February 11, 2010).

Regularly scheduled monthly meetings with NW Natural and DEQ will occur through the indicated time-frame to discuss the status of DEQ review of the NW Natural reports and letters listed at the end of this letter.. The next such meeting is scheduled to occur on February 18, 2010.

Site-wide groundwater elevation and DNAPL presence / thickness measurements for the first quarter 2010 at all well locations will be conducted in February (completed February 12, 2010), with the collection and analysis of samples from the wells to occur during the second half of February.

Remedial Investigation activities anticipated to be conducted by NW Natural at the Siltronic property during the specified timeframe include the initiation of Doane Creek soil and sediment sampling activities. Further, those RP-series wells located at the Siltronic property that have not yet been sampled for RI-related COIs are anticipated to be sampled in February 2010 as part of the overall First Quarter 2010 site-wide monitoring event.

The following reports and work plans on the Site have been submitted to DEQ for review and comment.

- Revised Baseline Ecological and Human Health Risk Assessment Report, December 2004, Anchor Environmental, LLC.
- Remedial Investigation Report, NW Natural – Gasco Facility, 7900 NW St. Helens Road, Portland, Oregon, April 30, 2007, Hahn and Associates, Inc.
- Source Control Evaluation Report, “Segment 3” Siltronic Property Related to NW Natural “Gasco” Site, February 19, 2009, Anchor QEA.
- Evaluation of potential method produced biases associated with available cyanide method OIA-1677, August 14, 2009, Anchor QEA.
- Proposed Revision to Environmental Controls and Sheen Monitoring at the Gasco/Siltronic Property Boundary, October 5, 2009, Anchor QEA
- Interim Design Report for Source Control, November 6, 2009, Anchor QEA
- Plan for Monitoring Well Abandonment and Replacement (MW-13-61R and MW-16-125), November 17, 2009, HAI (Under revision, DEQ comments received February 4, 2010)

Should you have any questions, please contact the undersigned.

Sincerely,

A handwritten signature in black ink that reads "Rob Ede". The signature is written in a cursive, somewhat stylized font.

Rob Ede, R.G.
Principal

robe@hahnenv.com

- c: Ms. Sandra Hart, NW Natural
- Mr. Bob Wyatt, NW Natural
- Ms. Patty Dost, Pearl Legal Group PC (electronic only)
- Mr. Carl Stivers, Anchor QEA, L.L.C.
- Mr. John Edwards, Anchor QEA, L.L.C.
- Mr. Henning Larsen, DEQ NW Region
- Mr. Tom Gainer, DEQ NW Region (electronic only)
- Mr. Tom McCue, Siltronic Corporation
- Ms. Kristine Koch, Region 10 EPA (electronic only)
- Mr. Sean Sheldrake, Region 10 EPA (electronic only)
- Mr. Rene Fuentes, Region 10 EPA (electronic only)
- Mr. Eric Blischke, Region 10 EPA (electronic only)
- Mr. Chip Humphrey, Region 10 EPA (electronic only)
- Mr. Lance Peterson, CDM, Inc. (electronic only)