

April 14, 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 March 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

In e-mail correspondence dated March 2, 2010 (Rob Ede to Dana Bayuk), HAI provided DEQ with a revised Figure 1 to replace the Figure 1 as was provided in the February 18, 2010 *Monitoring Well Abandonment and Replacement Plan: MW-13-61R and MW-16-125*.

In a teleconference dated March 3, 2010 (Dana Bayuk to Rob Ede), based on the revised Figure provided to DEQ on March 2, DEQ provided approval of the February 18, 2010 *Monitoring Well Abandonment and Replacement: MW-13-61R and MW-16-125, NW Natural Gasco Property, Revision 1*.

In correspondence dated March 10, 2010 (Tim Stone to Dana Bayuk), Anchor QEA, on behalf of NW Natural, provided DEQ with the *Memorandum: Visual Monitoring Results for Sheen Offshore of the Gasco/Siltronic Property Boundary: Fourth Quarter – October 1 through December 31, 2009*.

On March 10, 2010 Anchor QEA, on behalf of NW Natural, submitted to DEQ (via ftp upload) the *November 9 and November 20, 2009 Stormwater Sampling Event Summary for the NW Natural Gasco Site Memorandum*.

In correspondence dated March 10, 2010 (Tim Stone to Dana Bayuk), Anchor QEA, on behalf of NW Natural, provided DEQ with documentation regarding the intent to dispose of non-hazardous soils generated during geotechnical investigation at NW Natural. This

supplemental information was provided to address DEQ comments dated September 30, 2009 from review of the initial September 2, 2009 submittal.

In correspondence dated March 10, 2010 (Bayuk to Wyatt), DEQ provided comments from their review of the *Remedial Investigation Report, NW Natural Gasco Facility*, dated April 30, 2007 and the *Revised Baseline Ecological and Human Health Risk Assessment Report*, dated December 2004. DEQ accepted the RI as satisfying the requirements of Voluntary Agreement WMCVC-NWR-94-13, and requested revision and re-submittal of the risk assessment documents.

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 March 15, 2010.

In correspondence dated March 18, 2010 (Dana Bayuk to Bob Wyatt), DEQ provided concurrence with NW Natural's March 10, 2010 intent to dispose of soil investigation derived waste as a nonhazardous waste at a RCRA Subtitle D permitted disposal facility.

In correspondence dated March 26, 2010 (Bayuk to Wyatt), DEQ provided comments from their review of the *Interim Design Report – Groundwater Source Control, NW Natural Gasco Site*, dated November 2009, prepared by Anchor QEA.

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 March. During March, approximately 60 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 40% to 70% of the liquid pumped in March from MW-13-30 was DNAPL, while approximately 50 to 60% of the liquid pumped from MW-6-32 was DNAPL. System optimization, including varying the pump duration at these locations is ongoing in an effort to decrease the water fraction produced from these locations.

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 March 31, 2010, a total of 3,510,272 gallons of treated water have been discharged to the sanitary sewer in 2010.

Field activities related to the First Quarter 2010 monitoring event (initiated in February) continued through March 2, 2010. In conjunction with this monitoring event, those RP-series wells located at the Siltronic property that have not yet been sampled for RI-related COIs were sampled during the week of March 15, 2010.

Installation of the upland monitoring wells and extraction wells PW-7, 8, and 9 per the EPA approved Capture Zone Field Test plan, initiated during the last week of January, were completed in March, with development of the well screens following. Installation of the well pumps, pipelines, and control systems will be completed in April.

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 March.

3.0 Anticipated Activities in April and May 2010

Capture zone testing of groundwater extraction wells as per the Capture Zone Field Test Plan is anticipated to begin during the third or fourth week in April. Anchor QEA will notify DEQ and EPA of the anticipated start date.

Abandonment and replacement of wells MW-13-61R and MW-16-125 in accordance with the February 18, 2010 DEQ-approved work plan is scheduled to commence on April 19, 2010.

An Environmental Monitoring Report, to include groundwater elevation maps, DNAPL thickness measurements, and final laboratory data and validation reports for the third and fourth quarters of 2009 is anticipated to be available for submittal to DEQ during early May.

Regularly scheduled monthly meetings with NW Natural and DEQ will occur through the indicated time-frame to discuss ongoing technical issues. NW Natural and DEQ are currently in the process of scheduling April meetings to discuss DEQ review comments on the Gasco upland Risk Assessment report, Gasco upland Remedial Investigation report, and Gasco Source Control Interim Design report.

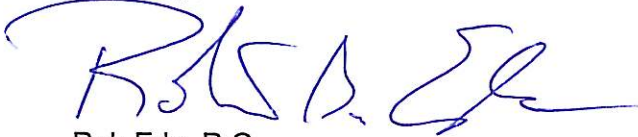
As part of NW Natural RI activities at the Siltronic property, those RP-series wells located at the Burlington Northern Santa Fe Railroad property that have not yet been sampled for RI-related COIs are scheduled to be sampled during the week of April 12, 2010 to conclude the First Quarter 2010 site-wide monitoring event. Additionally, it is anticipated that Doane Creek soil and sediment activities will be initiated during the specified timeframe.

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

- 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
- Historical Sheen Occurrences at the Gasco/Siltronic Property Boundary and Request for Approval of Revised Containment Structure Configuration, April 6, 2010.

Should you have any questions, please contact the undersigned.

Sincerely,



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)