

May 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 April 2010. NW Natural is completing upland investigatory activities at the subject property under the Voluntary Agreement No. ECVV-WMCVC-NWR-94-13 between NW Natural and the Oregon Department of Environmental Quality (DEQ).

1.0 Communications and Document Submittals

A NW Natural/DEQ technical meeting, established to discuss NW Natural's ideas for addressing DEQ's March 10, 2010 comments on the December 2004 Ecological and Human Health Risk Assessments, was conducted on April 1, 2010.

In correspondence dated April 6, 2010 (Tim Stone to Dana Bayuk), Anchor QEA, on behalf of NW Natural, provided DEQ with the *Memorandum: Historical Sheen Occurrences at the Gasco/Siltronic Property Boundary and Request for Approval of Revised Containment Structure Configuration*.

A NW Natural/DEQ technical meeting, established to discuss DEQ's March 26, 2010 comments on the November 2009 *Interim Design Report – Groundwater Source Control, NW Natural Gasco Site*, was conducted on April 7, 2010.

In correspondence dated April 8, 2010 (Dana Bayuk to Patty Dost), DEQ transmitted to NW Natural EPA comments as were provided to DEQ from EPA review of the November 2009 Anchor QEA *Interim Design Report for Groundwater Source Control, NW Natural Gasco Site*. These comments were provided by DEQ for informational purposes at NW Natural's request.

In correspondence dated April 8, 2010 (Dana Bayuk to Bob Wyatt), DEQ provided conditional approval for streamlined management of certain investigation-derived wastes generated as part of RI and source control-related activities at the NW Natural and adjacent Siltronic properties. The streamlined approach, which keeps DEQ informed but

does not require pre-approval, does not apply to soil IDW generated by NW Natural as may be impacted by VOCs derived from the Siltronic solvent UST release.

A regularly scheduled NW Natural/DEQ monthly project coordination meeting, established to discuss ongoing technical or regulatory issues related to upland risk assessment, feasibility study, and groundwater/DNAPL source control-related activities, occurred on April 19, 2010.

In correspondence dated April 21, 2010 (Patty Dost to Dana Bayuk), NW Natural requested a one week extension to provide written responses to DEQ's March 26, 2010 comments on NW Natural's November 2009 *Interim Design Report – Groundwater Source Control, NW Natural Gasco Site*.

In e-mail correspondence dated April 22, 2010 (Dana Bayuk to Patty Dost), DEQ approved the one-week extension request for submittal of written responses to DEQ comments.

A NW Natural/DEQ meeting, established to discuss NW Natural's ideas, goals, and objectives with regard to facilitating the integration of source control with upland and in-water portions of the Gasco project, was conducted on April 27, 2010.

In e-mail correspondence dated April 28, 2010 (Patty Dost to Dana Bayuk), NW Natural related its understanding that an additional technical meeting would be scheduled to discuss a path forward on source control and the risk assessment, and that the schedule for submittal of written responses to DEQ's March 26 comments on the Interim Design Report would be established during this meeting. In e-mail correspondence dated April 29, 2010 (Dana Bayuk to Patty Dost), DEQ confirmed this understanding.

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 April. During April, approximately 39 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 20% to 40% of the liquid pumped in April from MW-13-30 was DNAPL, while approximately 45% to 75% of the liquid pumped from MW-6-32 was DNAPL.

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 April 30, 2010, a total of 5,120,984 gallons of treated water have been discharged to the sanitary sewer in 2010.

In conjunction with the first quarter 2010 monitoring event, those RP-series wells located at the Burlington Northern Santa Fe Railroad (BNSF) property (immediately south of Siltronic) were sampled on April 13, 2010. The sampling of these wells, in conjunction with sampling of RP-series wells on the Siltronic property in March, completes the

groundwater monitoring scope of work as provided in NW Natural's RI work plan as prepared for the Siltronic property.

Abandonment and replacement of wells MW-13-61R and MW-16-125 in accordance with the February 18, 2010 DEQ-approved work plan commenced on April 19, 2010 and continued through April 27, 2010. New monitoring wells MW-7-60 (replacement for MW-13-61R) and MW-18-125 (replacement for well MW-16-125) were installed as part of this work.

Installation of the well pumps, pipelines, and control systems for extraction wells PW-7, -8, and -9 were completed in April. Capture zone field testing using these wells was initiated in mid-April as per the EPA approved Capture Zone Field Test plan.

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 April.

3.0 Anticipated Activities in May and June 2010

Capture zone testing of groundwater extraction wells as per the Capture Zone Field Test, initiated on April 19, 2010, is anticipated to continue during May and into June.

The development and sampling of wells MW-7-60 and MW-18-125 will occur in May 2010. These wells were installed in April 2010 to replace wells MW-13-61R and MW-16-125 in accordance with the February 18, 2010 DEQ-approved work plan.

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 May.

Regularly scheduled monthly meetings with NW Natural and DEQ will occur in May and June to discuss ongoing technical items predominated by groundwater source control, risk assessment and feasibility study issues.

Doane Creek soil and sediment sampling activities, including necessary vegetation clearance and establishment of surface water sampling stations and stream gauges for seasonal monitoring, will be completed on the BNSF property in May (initiated May 10). The preceding is being completed as part of NW Natural's RI activities as related to the adjacent Siltronic property.

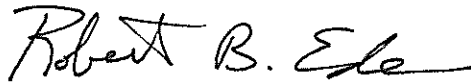
The following reports and work plans on the Site have been submitted to DEQ for review and comment.

- 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)