

HAHN AND ASSOCIATES, INC.
ENVIRONMENTAL CONSULTANTS

September 21, 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 August 2010. NW Natural is completing upland investigatory activities at the subject property under the Voluntary Agreement No. ECVC-WMCVC-NWR-94-13 (Voluntary Agreement) between NW Natural and the Oregon Department of Environmental Quality (DEQ).

As of this monthly progress report (MPR), correspondence and activities related to the Segment 2 capture zone test are being reported within MPRs submitted to EPA and copied to DEQ and are therefore not included in this summary report describing activities undertaken under the Voluntary Agreement.

1.0 Communications and Document Submittals

In e-mail correspondence dated July 29, 2010 (Bob Wyatt to Jim Anderson), NW Natural agreed with DEQ's proposed 5-step process for moving through dispute resolution regarding NW Natural's dispute over DEQ's desire to evaluate source control options for the Gasco Segment 1 shoreline as part of the uplands FS.

In e-mail correspondence dated August 2, 2010 (Bob Wyatt to Jim Anderson), NW Natural provided clarification to DEQ regarding the nature of NW Natural's dispute with DEQ's June 11, 2010 source control direction.

In correspondence dated August 3, 2010 (Tim Stone to Dana Bayuk), Anchor QEA, on behalf of NW Natural, provided to DEQ the Memorandum entitled *Visual Monitoring Results for Sheen Offshore of the Gasco/Siltronics Property Boundary: January 1-June 30, 2010*. As approved by DEQ in a July 2nd e-mail, this was the final report of sheen observations. The boom system will continue to be operated and visual monitoring will be conducted by the boom maintenance contractor, but formal reports to DEQ of the boom monitoring will no longer be made.

In correspondence dated August 5, 2010 (Rob Ede to Dana Bayuk), HAI, on behalf of NW Natural, requested concurrence from DEQ with regard to the intent to dispose of investigation-derived soils generated by NW Natural within the bounds of the spent TCE contaminated media management area (CMMA) on the Siltronic property.

Correspondence dated August 9, 2010 (Jim Anderson to Bob Wyatt), describes DEQ's position regarding the direction that was provided to NW Natural in June 11, 2010 correspondence regarding shoreline source control.

In correspondence dated August 17, 2010 (Joy Dunay to Dana Bayuk), Anchor QEA, on behalf of NW Natural, provided DEQ with an evaluation of cyanide test methods with recommended test methods to be used for future groundwater monitoring purposes at the Gasco site.

In email correspondence dated August 25, 2010 (Jim Anderson to Bob Wyatt), DEQ provided a summary of its understanding of key points and action items from a meeting between DEQ and NW Natural held earlier on the same day. NW Natural and DEQ agreed to exchange comments on each other's position statements and meet again. In email correspondence dated August 26, 2010 (Bob Wyatt to Jim Anderson), NW Natural clarified its understanding of the outcome of the August 25 meeting.

2.0 Field Work

Field activities related to monitoring and maintenance of the dense non-aqueous phase liquid (DNAPL) extraction system at surficial fill well locations MW-6-32 and MW-13-30 occurred during August. During August, approximately 70 gallons of DNAPL / water were pumped from wells MW-6-32 and MW-13-30 (combined). During August, MW-6-32 was programmed to pump for two 8-minute cycles per day and well MW-13-30 was programmed to pump for one 60-minute cycle per day. The pump for well MW-6-32 became clogged and was inoperable for a portion of the month until it was removed, cleaned, and put back into service. The aboveground storage tank containing the recovered DNAPL / water mixture was pumped of its contents (475 gallons) on August 15, 2010 by Thermo Fluids, Inc. for re-refining at their Clackamas, Oregon facility.

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 September 1, 2010, a total of 9,186,634 gallons of treated water have been discharged to the sanitary sewer in 2010.

Surveying activities as related to soil and sediment sampling points and established staff gauges within Doane Creek on the BNSF property was completed on August 5, 2010.

3.0 Anticipated Activities in September and October 2010

NW Natural will provide a response in September to DEQ's August 9, 2010 correspondence related to ongoing dispute regarding source control implementation. DEQ will provide a response in September to NW Natural's July 20, 2010 correspondence that described NW Natural's position regarding the dispute. DEQ and NW Natural will meet in September or October to further attempt to resolve the dispute.

Doane Creek sampling activities, part of NW Natural's RI activities as related to the Siltronic property will be conducted during the September time-frame (weather pattern dependent) and will include the first two of four planned seasonal surface water

sampling events. The dry season non-storm sampling event is scheduled to occur in early September (completed September 15), while the dry season storm sampling event will occur in late September or early October, once a storm of the necessary magnitude occurs.

The Third Quarter groundwater monitoring event is scheduled to commence during the last week of September, and will be performed according to the revisions submitted to DEQ on July 29, 2010, unless DEQ otherwise comments on the proposed changes.

A meeting with the Army Corps of Engineers as related to the findings of the US Moorings RI was requested by the Corps of Engineers and has been tentatively scheduled to occur during October 2010.

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.
- Gasco Upland – Proposal on Risk Methods, June 21, 2010, Anchor QEA.
- Proposed modification to 2010 groundwater monitoring program-Gasco Site, July 29, 2010, HAI.
- Intent to dispose of non-hazardous petroleum-contaminated IDW soils generated by NW Natural on the Siltronic Corporation property, August 5, 2010, HAI.
- Recommendations for cyanide testing at the Gasco Site, August 17, 2010, Anchor QEA.

Should you have any questions, please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Ede". The signature is fluid and cursive, with a large initial "R" and "E".

Rob Ede, R.G.
Principal

robe@hahnenv.com

- c: Ms. Sandra Hart, NW Natural (electronic only)
- Mr. Bob Wyatt, NW Natural (electronic only)
- Ms. Patty Dost, Pearl Legal Group PC (electronic only)
- Mr. Carl Stivers, Anchor QEA, L.L.C. (electronic only)
- Mr. John Edwards, Anchor QEA, L.L.C. (electronic only)
- Mr. Ben Hung, Anchor QEA, L.L.C. (electronic only)
- Mr. Ryan Barth, Anchor QEA, L.L.C. (electronic only)
- Mr. Henning Larsen, DEQ NW Region (electronic only)
- Mr. Tom Gainer, DEQ NW Region (electronic only)
- Mr. Tom McCue, Siltronic Corporation (electronic only)
- 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)