

October 15, 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 September 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).

1.0 Communications and Document Submittals

In e-mail correspondence dated September 22, 2009 (Dana Bayuk to Bob Wyatt), DEQ inquired about Doane Creek sampling activities that were conducted by NW Natural on September 15, 2010, indicating that DEQ had not been informed in advance of the sampling. DEQ requested information concerning completed and outstanding sampling tasks as related to Doane Creek.

In correspondence dated September 30, 2010 (Bob Wyatt to Dana Bayuk), NW Natural provided documentation of previous notifications to DEQ regarding all completed sampling activities associated with Doane Creek. NW Natural also provided a description of completed activities, including a sample location map, and described the schedule for pending activities as related to Doane Creek sampling.

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 September. During September, approximately 55 gallons of DNAPL / water were pumped from wells MW-6-32 and MW-13-30 (combined). Well MW-6-32 was programmed to pump for four 8-minute cycles per day and well MW-13-30 was programmed to pump for one 60-minute cycle per day during September.

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 30, 2010, a total of 9,684,911 gallons of treated water have been discharged to the sanitary sewer in 2010.

The Third Quarter 2010 groundwater monitoring event was initiated during the last week of September, including groundwater level measurements (NW Natural and Siltronic properties), DNAPL check and measurements, and sampling of NW Natural Gasco property wells in accordance with the July 29, 2010 Groundwater Monitoring Proposal.

Doane Creek sampling activities, part of NW Natural's RI activities as related to the Siltronic property, were completed in September. Specifically, the dry season non-storm surface water sampling event was completed on September 15 in accordance with NW Natural's approved October 19, 2007 RI work plan.

3.0 Anticipated Activities in October and November 2010

NW Natural will provide a response to DEQ's August 9, 2010 correspondence related to ongoing dispute regarding source control implementation. DEQ will provide a response to NW Natural's July 20, 2010 correspondence that described NW Natural's position regarding the dispute. Subsequently, DEQ and NW Natural will meet 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 October time-frame (weather pattern dependent). Specifically, the dry season storm sampling event is anticipated to be completed in October, once a storm of the necessary magnitude occurs. The dry season storm sampling event will be the second of four planned seasonal surface water sampling events.

The Third Quarter groundwater monitoring event, which was initiated during the last week of September at NW Natural Gasco property well locations, will be completed the week of October 12 with the sampling of monitoring wells on the Siltronic property. Completion of the monitoring event will be in accordance with DEQ's October 5, 2010 conditional approval of the July 29, 2010 Groundwater Monitoring Proposal.

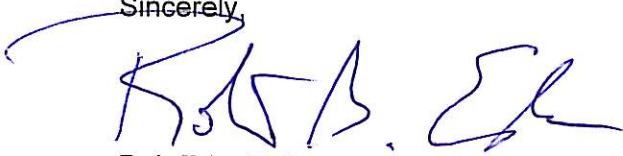
A meeting with the Army Corps of Engineers as related to the findings of the US Moorings RI was requested by the Corps of Engineers and has been scheduled to occur on October 12, 2010.

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.
- 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 blue ink, appearing to read "Rob Ede". The signature is stylized and includes a large, sweeping flourish on the left side.

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)
- Ms. Sarah Riddle, 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)