

HAHN AND ASSOCIATES, INC.
ENVIRONMENTAL CONSULTANTS

December 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 November 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 November 8, 2010 (Rob Ede to Dana Bayuk) HAI, on behalf of NW Natural, provided notice to DEQ regarding upcoming field work consisting of the fourth quarter 2010 groundwater monitoring activities at the Gasco and Siltronic properties.

In e-mail correspondence dated November 9, 2010 (Dana Bayuk to Rob Ede and James Peale), DEQ acknowledged receipt of the November 8, 2010 notice regarding the planned completion of fourth quarter 2010 groundwater monitoring activities.

In e-mail correspondence dated November 19, 2010 (Rob Ede to Dana Bayuk), HAI, on behalf of NW Natural, provided a summary of completed activities and a schedule for reporting as related to NW Natural RI activities on the Siltronic property. This summary and schedule update was provided in response to a DEQ request in correspondence dated October 28, 2010 (Dana Bayuk to Bob Wyatt).

In e-mail correspondence dated November 24, 2010 (Rob Ede to Kristin Castner), HAI, on behalf of NW Natural, requested approval from Waste Management, Inc. for approval to dispose of approximately 16 cubic yards of petroleum-contaminated soils that were generated by NW Natural on the Siltronic property as part of natural gas pipeline valve repair activities.

In email correspondence dated November 29, 2010 (Bob Wyatt to Jim Anderson) NW Natural provided a response to DEQ's August 9, 2010 and October 27, 2010 correspondence related to the formal dispute regarding source control implementation.

In e-mail correspondence dated November 30, 2010 (Mark Krening to Rob Ede and Jeff Payson), Waste Management, Inc. provided approval of the soil disposal request as submitted by HAI in November 24, 2010 correspondence. Waste Management, Inc.

provided Permit #105711OR to NW Natural for disposal of up to 25 tons of non-hazardous soils at the Hillsboro Landfill.

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 November. The system recovered approximately 13 gallons of fluids during November after being brought back-online after installation of a new control box and air compressor in mid-November.

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 November 22, 2010, a total of 11,212,162 gallons of treated water have been discharged to the sanitary sewer in 2010.

The Fourth Quarter 2010 groundwater monitoring event was completed at the NW Natural and Siltronic properties during November 2010. Groundwater level measurement activities were conducted by Hahn at the Siltronic and NW Natural properties on November 15, 2010. These activities were coordinated to coincide with water level measurements collected by Siltronic from their wells on the same day. Groundwater samples were collected from wells as part of the Fourth Quarter 2010 monitoring event on November 17, 2010 in accordance with DEQ's October 5, 2010 conditional approval of the July 29, 2010 Groundwater Monitoring Proposal.

3.0 Anticipated Activities in December 2010 and January 2011

In December, DEQ and NW Natural will meet to further attempt to resolve the formal dispute regarding source control implementation.

An Environmental Monitoring Report, describing activities completed during the first and second quarter of 2010, will be provided to DEQ in December.

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 with a large initial "R" and a long horizontal flourish at the end.

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)