

HAHN AND ASSOCIATES, INC.

ENVIRONMENTAL CONSULTANTS

January 14, 2011

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 December 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

A meeting with representatives of NW Natural and DEQ was conducted on December 13, 2010 to discuss issues related to the formal dispute regarding source control implementation.

In e-mail correspondence dated December 15, 2010 (Jim Anderson to Bob Wyatt), December 17, 2010 (Bob Wyatt to Jim Anderson), and December 22, 2010 (Jim Anderson to Bob Wyatt), DEQ and NW Natural summarized agreements reached during the December 13 meeting and described expectations for technical meetings to be held in January 2011.

2.0 Field Work

Two 10-cubic yard drop boxes containing petroleum contaminated soils generated by NW Natural on the Siltronic property during repair of a natural gas valve were transported by Jammie's Environmental, Inc. to the Waste Management, Inc. Hillsboro Landfill for disposal on December 2, 2010. The soil (29.49 tons) was disposed as non-hazardous soil media through Waste Management, Inc. Permit #105711OR.

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 December. The system recovered approximately 13 gallons of fluids during December.

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 December 30, 2010, a total of 12,933,042 gallons of treated water have been discharged to the sanitary sewer in 2010.

3.0 Anticipated Activities in January 2011 and February 2011

In January and February, DEQ and NW Natural technical teams will meet to discuss completion of the upland risk assessment for Gasco (scheduled for January 25) and the preparation of the final design document for HC&C source control along shoreline segments 1 and 2 (scheduled for February 3).

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

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,



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)
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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)
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