

UNDERGROUND STORAGE FACILITY
SITE CERTIFICATION AGREEMENT

for the

MIST SITE

between

The State of Oregon

acting by and through its

ENERGY FACILITY SITING COUNCIL

and

OREGON NATURAL GAS DEVELOPMENT CORPORATION

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This Certification Agreement is made and entered into in the manner provided by ORS 469.300 through ORS 469.570 and ORS 469.992, by and between the State of Oregon (State), acting by and through its Energy Facility Siting Council (EFSC) and Oregon Natural Gas Development Corporation, (ONG), a wholly owned subsidiary of Northwest Natural Gas Company (NNG). Any reference herein to ONG shall also include NNG.

I. SITE CERTIFICATION

- A. This agreement certifies that, to the extent authorized by State law and those warranties and conditions set forth herein, the State approves and authorizes the construction and operation of an underground storage facility for natural gas and related or supporting facilities at the Mist Site, in the manner described in ONG's site certificate application, this agreement, and the record of the administrative hearings held pursuant to ORS 469.300 through ORS

469.570, including supporting testimony filed by ONG with EFSC. This approval by the State binds the State and all counties, cities and political subdivisions in the State as to the approval of the site and the construction and operation of the underground storage reservoir and related or supporting facilities, subject only to the conditions of this agreement.

However, each agency that issues a permit, license or certificate shall continue to exercise enforcement authority over such permit, license or certificate.

- B. This certificate requires ONG to comply with applicable state laws as they exist on the date it is executed by EFSC, and with stricter state laws adopted subsequent thereto if compliance with such stricter state laws is necessary to avoid a clear danger to the public health and safety.

II. SITE DESCRIPTION OF THE UNDERGROUND STORAGE RESERVOIR AND RELATED OR SUPPORTING FACILITIES

- A. The underground storage reservoir and related or supporting facilities to be constructed and operated consist of:

- 1. two naturally existing underground gas reservoirs (the flora and bruer pools) in portions of 6 sections of land in Columbia County, Oregon, entirely within the project boundaries described in Appendix 1 attached hereto and by this reference incorporated herein; and

2. located in Columbia County, Oregon the following related or supporting facilities as shown on the attached Appendix 1: Miller Station with attendant equipment (including, but not limited to, compressors), gathering lines, access roads, existing natural gas wells, monitoring wells and proposed injection/withdrawal wells. These locations may be adjusted as reasonable or necessary because of physical conditions.

III. WARRANTIES

In consideration of the execution of this Certification Agreement by the EFSC, and pursuant to ORS 469.400(4) and ORS 469.470(3) the following warranties are made:

A. Completion of Construction

ONG warrants that the construction of the underground natural gas storage facility and related and supporting structures will be completed prior to August 31, 1987.

B. Financial Ability

ONG warrants that it has reasonable assurance of obtaining sufficient financial resources to construct and operate the underground storage facility, and related and supporting facilities including funds necessary to cover construction

costs, operating costs for the design lifetime of the underground storage facility, and the costs of permanently shutting the underground storage facility down and maintaining it in a safe condition.

C. Ability to Construct and Operate

ONG warrants that it has the ability to take those actions necessary to ensure that the underground storage facility and related and supporting facilities will be constructed and operated in a manner consistent with its representations regarding effects on the public health, safety, and welfare contained in its site certificate application, and supporting testimony and the terms and conditions of this agreement including compliance with all design, quality assurance and personnel qualifications and training requirements.

D. Protection of Public Health and Safety

ONG warrants that it will take those actions, including compliance with all state and Federal statutes, rules and regulations necessary to ensure that construction and operation of the Mist underground storage facility poses no danger to the public health and safety.

IV. CONDITIONS

The following conditions are provided pursuant to the provisions of ORS 469.400 and OAR 345-100-011.

A. State and Federal Law

1. ONG and EFSC shall abide by all applicable state laws including all laws and state administrative rules and regulations in effect on the date this site certificate is executed, except upon a clear showing that there is danger to the public health and safety that requires stricter laws or rules, then, in that case, EFSC may, subject to ORS 469.400 require ONG to meet stricter state statutes or rules of EFSC or other state agencies or ordinances of cities or counties adopted subsequent to the execution of this agreement.
2. Nothing in this agreement shall relieve ONG from complying with requirements of Federal laws and regulations which may be applicable to construction and operation of the underground storage reservoir and associated facilities, and with the terms and conditions of any permits and licenses which may be issued to ONG by pertinent federal agencies.

B. Control of Site

Prior to commencement of construction of the Facility ONG shall present evidence satisfactory to EFSC that ONG has access to the facility and full control over the underground reservoirs and sites for

related and supporting facilities, whether by ownership, lease or easement or otherwise as necessary to: Construct and maintain the underground reservoir, compressors, pipelines, gathering lines, injection withdrawal and other wells, and access roads to the facility necessary for the construction, operation, monitoring and regulation of the underground storage reservoir.

C. Mandatory Conditions Required by OAR 345-100-011

1. Location

Related or supporting facilities shall not be located at less than the minimum distances from any existing permanent habitable dwelling specified in OAR 345-100-036(1) in effect on the date of this Certificate.

2. Pipelines

All pipelines in the project area shall be designed, built and operated in compliance with the requirements of the U. S. Department of Transportation set forth in Title 49, Code of Federal Regulations, Part 192 subpart C, in effect on the date of this Certificate, as administered by the Public Utility Commissioner of Oregon.

3. Noise

All compressors, pipelines, roads and related

6. Water Quality Protection

ONG shall construct, build and operate the underground storage reservoir and related or supporting facilities so as to prevent emissions of pollution into ground or surface waters in violation of OAR 345-100-40 (1)(a),(b), and (c) and other state and Federal water pollution rules and statutes in effect on the date of this agreement.

7. Fragile Soils

The ONG underground storage reservoir and related or supporting facilities shall be designed, built, and operated so as to reduce adverse impacts on unstable or fragile soils.

8. Socio-Economic Impacts

Throughout the design, construction, and operation of the underground storage facility ONG shall continuously cooperate with Columbia County to identify any adverse socio-economic impacts.

9. Water Rights

ONG shall design, build and operate the underground storage facility and related or supporting facilities without infringing on the existing water rights of other persons.

facilities shall be designed, constructed, installed and operated in such a manner so as not to violate the standards specified by the Oregon Department of Environmental Quality in OAR 340-35-35, (Noise Control Regulation,) in effect on the date of this Certificate.

4. Wells

Operation, maintenance and abandonment of all wells on the site shall be in compliance with the applicable provisions of ORS chapter 520 and OAR ch. 632, Division 10, in effect on the date of this Certificate, as administered by the Oregon Department of Geology and Mineral Industries.

5. Monitoring Program

Design, construction, and operation of the underground storage reservoir and related or supporting facilities shall incorporate a monitoring program to ensure the public health and safety and to detect leakage using the best available surface and subsurface monitoring technology and testing procedures available as of the date of this Certificate or as described in ONG's application and supporting testimony relating to OAR 345-100-040(6) and (7).

10. Applicant's Representations

The facility shall be designed, built and operated in compliance with the representations made by ONG in satisfaction of OAR 345-100-040(2),(4), and (8), and any other EFSC standard.

11. Gas Pressure

ONG shall maintain average gas pressures in the underground storage reservoirs at levels equal to or below the natural gas pressures in the reservoirs, prior to production of natural gas which was 1000 psi in the Flora pool and 940 psi in the Bruer pool. Provided, however, that ONG may maintain natural gas pressures at higher levels if ONG provides EFSC with results of a breakdown test of the caprock which shows to EFSC's satisfaction that a higher level of pressure will not endanger the public health and safety. Such higher level in any event shall not exceed 1250 psi.

V. Other Conditions

1. It is agreed by ONG and EFSC that construction of any other injection/withdrawal well, pipeline or gathering line, or any other facility not shown in Appendix 1 or identified in part II of this agreement shall require an amendment of this agreement as provided in part VII below.

VI. Approvals

The following approvals, permits, licenses, or certificates by governmental agencies are considered necessary to construct and operate this underground storage of natural gas facility. Each appropriate state agency shall issue the permits identified below consistent with the conditions in this agreement and not later than 90 days or sooner as provided by the appropriate agency's rules, from the time of filing of a complete application by ONG. ONG shall make application for these approvals, permits, licenses, or certificates, paying all applicable fees prior to construction of this facility or later as appropriate.

1. Department of Geology

Well drilling and other permits required by ORS ch 520 and OAR ch 632 Division 10.

2. Department of Environmental Quality

Air Contaminant Discharge Permit for the operation of the Mist underground storage facility.

3. Public Utility Commissioner

Compliance inspection of pipelines pursuant to Title 49 CFR, Part 192, as necessary.

4. Department of Commerce

Pressure vessel inspection, State Fire Marshall approvals and plan review of construction drawings.

5. Department of Transportation

Single trip permits for oversize or overweight loads.

6. Columbia County

Building, plumbing and electrical permits.

VII AMENDMENT OF SITE CERTIFICATION AGREEMENT

- A. ONG and EFSC recognize a need to provide a means of amending this agreement because of the length of time which will pass between the date of its execution and the date of construction and the length of the operation of the facilities. Therefore, the parties agree that in the event future unforeseen developments cause the construction or operation of the underground storage reservoir or related or supporting facilities to present a danger to the public health, safety or welfare or if Federal law requires a change, this agreement may be amended by further written agreement, executed in the manner provided in ORS 469.400(3), after compliance with the procedures of B. through F. below.
- B. Either ONG or EFSC may propose a corrective amendment. The proposal shall set forth the amendment verbatim, together with a statement of the reasons therefor.

- C. EFSC shall distribute the proposed amendment to the interested state agencies, and to the county advisory group as defined in ORS 469.480 requesting comments and recommendations on the proposed amendment within 30 days of the date of distribution.
- D. If ONG and EFSC do not agree on an amendment or if after public notice in a regularly published EFSC meeting agenda 10 or more members of the public or an organization representing 10 or more members of the public request a hearing, EFSC shall hold a public hearing on the proposed amendment within 90 days after distribution of the proposed amendment.
- E. At the conclusion of any hearing, and in no case more than 120 days after the proposed amendment was distributed, the EFSC will, based upon its findings as to danger to the public health, safety and welfare, either approve or reject the proposed amendment. Rejection or approval of the proposed amendment will be subject to judicial review the same as this agreement.
- F. For amendments not affecting the public health, safety or welfare and where ONG and EFSC agree that it is desirable to amend this site certification ONG may file with the EFSC an

application for an amendment to the site certificate agreement, which application shall state the necessary reasons therefore. The EFSC may grant such application without further proceedings at its regular public meeting.

VIII SUCCESSORS AND ASSIGNS

This agreement is binding upon ONG and any co-owners, partners or joint venturers of ONG in the construction and operation of the underground storage facility and related and supporting facilities and upon any successors in interest to or assignees of either ONG or any co-owner, partner or joint venturer.

IN WITNESS WHEREOF, this Site Certificate Agreement has been executed by the State of Oregon, acting by and through its Energy Facility Siting Council and Oregon Natural Gas

Development Corporation as below subscribed on this 30th
day of September, 1981.

State of Oregon

By: Raphael Wilson
Chairman
Energy Facility Siting Council

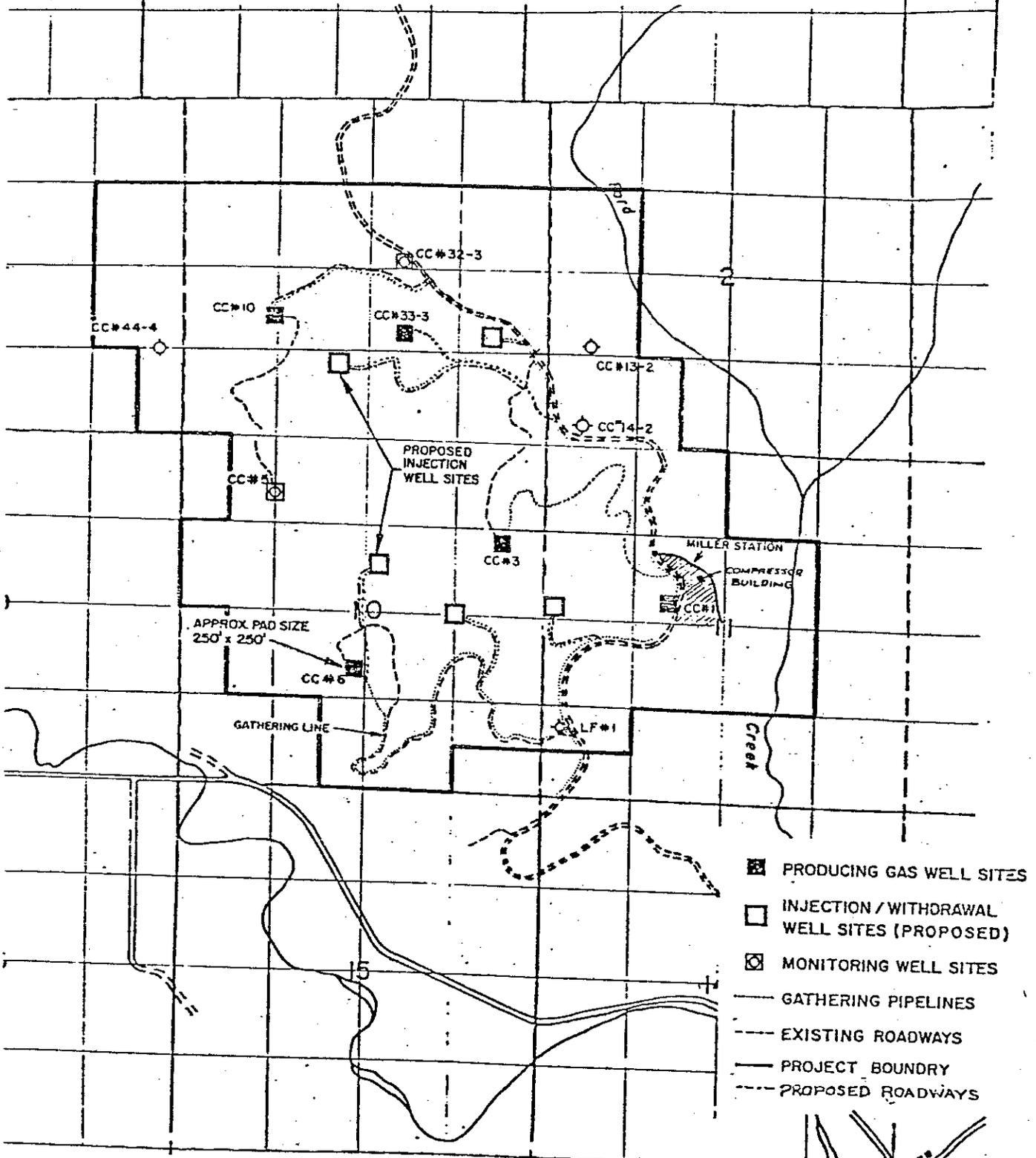
Attest: Donald W. Board

Oregon Natural Gas Development Corporation
and
Northwest Natural Gas Company

By: Ronald T. Miller
President - Ronald T. Miller

Attest: Wesley V. Radford
Secretary - Wesley V. Radford

MIST UNDERGROUND STORAGE PROJECT MAP



T.6N.-R.5W. W.M.
COLUMBIA COUNTY, OREGON

APPENDIX 1 TO THE SITE CERTIFICATE

MIST

Mist Underground Gas Storage Project Area

T. 6N, R. 5W, W.M.

Sec. 2: SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$.

Sec. 3: S $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$, SE $\frac{1}{4}$.

Sec. 4: SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$.

Sec. 10: NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$.

Sec. 11: SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$.