ANCHOR QEA

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March 30, 2016

Lindie Schmidt
Washington State Department of Natural Resources
950 Farman Avenue North
Enumclaw, WA 98022

Via Electronic Mail and U.S. Mail

Re: Tolling Agreement
Bremerton MGP Site

Dear Lindie:

As we discussed a couple of weeks ago, enclosed for your review is a draft Tolling Agreement ("Tolling Agreement") between the Washington State Department of Natural Resources ("DNR") and Cascade Natural Gas Corporation ("Cascade"). As you know, Cascade is conducting a remedial investigation and feasibility study of the Bremerton Gas Works Superfund Site located in Bremerton, Washington ("Site"), under an Administrative Settlement Agreement entered into between Cascade and the Environmental Protection Agency. As the owner of tidelands located within the Site, DNR is potentially liable for the contamination at the Site under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") and its Washington State counterpart, the Model Toxics Control Act ("MTCA").

Cascade has already incurred millions of dollars to investigate and remediate contamination at the Site, and will incur millions more. Cascade has claims against DNR for recovery of these costs under CERCLA, MTCA, and various common law theories. Cascade would prefer not to pursue its claims against DNR at this time. However, certain claims Cascade could assert against DNR under CERCLA, specifically claims arising under Section 113 of CERCLA,

could be interpreted as subject to a limitations period that will run as of May 1, 2016. The Tolling Agreement would avoid the need to prosecute these claims in the immediate future. Without the Tolling Agreement, Cascade would need to commence a lawsuit against DNR before May 1, 2016, in order to preserve some of its claims.

The terms of the Tolling Agreement are fair, mutual, and reasonable; they would toll the limitations periods applicable to all claims Cascade or DNR could assert against each other arising out of the contamination at the Site, and would stay all litigation relating to such claims during the term of the Tolling Agreement.

Please review the Tolling Agreement and give me a call if you have any questions. Because time is of the essence, please let me know no later than April 15, 2016, if the Tolling Agreement is acceptable to DNR.

Sincerely,

Nathan Soccorsy
4820-7938-9999, v. 2