

Welcome to Issue 1 of Saunders In-House Newsletter. This publication will provide you with the latest in QA and Safety news, Construction and Maintenance on-site round-up's, special features such as employee profiles & company achievements etc.

Inside:

- Maintenance Round-up
- QA Report
- Safety Report
- Employee Profile - B. White



Fire Damaged Tank in Guam



Construction of a Condensate Tank R4 - Lang Lang, VIC



Construction of a 1.4ML Concrete Reservoir Capella, QLD

Construction Round-up

We've all survived another winter. With work spread up and down the Eastern Seaboard it was easier for some than for others, depending on whether you were working on a project in the north or in the south.

Our safety performance has been good but of course we can always do better. We had a number of MTI's and Near Misses and as we all know the more of these that we have the closer we are to having something more serious. Let's all focus on our roll in safety and plan safety into our daily activities to help us improve our overall safety performance. Remember, safety is everyone's responsibility.

As winter approached Rudi Spehar and his crew were completing the Bitumen project in Brisbane. This was a very successful job with a very satisfied customer.

The winter started with Horst Eichler leading a team on a small project at the Cabot plant in Melbourne. We thought it was cold on this job but little did we know that this was just a warm up for what was to come. Adrian Payne and David DeWolf and the crew at Coode Island have been battling the wind and rain for the past couple of months. It's been a very difficult time but Adrian and

Dave have told me that they have grown to love Melbourne.

Further east, Rudi Spehar, fresh from balmy Brisbane, is battling even worse conditions. Lang Lang is only a hundred odd kilometers from Melbourne but it seems to have a climate all of it's own. If it's blowing hard at Coode then it's blowing even harder at Lang Lang. Despite the hardships Rudy and the crew are toughing it out and making steady progress. Rudy is also beginning to settle into the Lang Lang way of life.

In the next few weeks we will be starting jobs in Sydney, Newcastle and Gladstone. Horst Eichler will be involved in the Newcastle work and Paul Guajardo will lead the Gladstone team.

Wayne Regan and the gang in the shop are pretty busy. Apart from the task of keeping all the construction and maintenance sites supplied with fabricated material they are also involved with supplying shaft liners for a coal mine out the back of Lithgow. There is also a lot of stainless steel work going through the shop at the moment so everyone is flat out.

Further north Gavin Wilson and his crew are finishing off the reservoir and distribution piping for Gracemere and we are hopeful of extending our contract to include more of the piping. Wayne Zander and his crew are lucky enough to be assigned to the Capella job. This job is the closest job we have to the Great Barrier Reef.

The rest of us are busy chasing new work. We are looking at projects from the very south to the very north and if successful we will all be very busy people.

Our chances of success will be greatly influenced by how our people perform on our present work. Let's stay safe and work towards getting those new projects.

John Power



Rolling components for a mine shaft liner

Maintenance Round-up

Our Maintenance Division continues to be busy with ongoing work at 5 Refineries as well as a number of sites outside.

As we all know Adelaide Refinery has closed and is progressively being mothballed. Our last remaining employees Rodger Limoux and Lutz Wendland, have been part of the mothballing workforce and will be finishing at the refinery on 30th Oct '03. A sad day for them and for Saunders given the many years of tank construction and maintenance work that we have done at the Refinery.

Altona has been relatively quiet except for a mad 4 week scramble to complete work on Tk807 ahead of the shutdown commencing Mon 15th Sept. Big effort from Richard Robson, John Rabak and Noel Vallance. Well done boys. It is important to know that our boys are also involved in many initiatives outside of tankage that are assisting with Refinery performance.

The hot priority at Kurnell has been Tk633 where we patched the floor of the tank, built an inventory dam and other repairs. A huge job in a short time frame – deadline of Fri 12th Sept '03 achieved. Again, a big effort from Rod Riquelme, Wayne Corkery, Jimmy Waqa and our crew. John Nankivell has left our employment to take up a position on the Bondi Sewerage Treatment Plant Project. Thanks to John for his efforts at Kurnell over the past 5 years. John's departure has given the opportunity for Rod Riquelme to take on more responsibilities, which will be a real challenge that I am sure he will rise to. Rod recently completed a 2 day Project Management training course and has returned refreshed and fired up.

Sandy Smith and John Fordham along with our supervisors Zem Zehabe, John Westlake and

Andrew Larue and crew have continued on with the good work we are all used to at Clyde and Gore Bay. Some pretty tricky work at Gore Bay – a logistical nightmare. We look like being quite busy for the remainder of the year with some jobs having a high degree of difficulty. Welcome also to Graham Eadie who has joined us as a supervisor at Clyde.

Lytton Refinery keeps ticking along like British Airways – 'with a minimum of fuss'. A few months ago our boys contributed to the shutdown effort which is reported to have been one of the very best ever in the Chevron world. Reg Taggart volunteered to take on the Night Shift Superintendents role supervising some 70 night shift employees. Terrific effort Reg, and speaks volumes for the sort of challenges our people are prepared to take on. Congratulations to Darren Chrzanowski, Steve Hilder and John Ryals for their efforts also. By the way Darren and April recently had their second child – congratulations all round.

Trevor Kennedy (also known as 'Export Quality'), Adrian Payne and David DeWolf have returned from Guam where they did some serious panel beating on a couple of tanks damaged by a Super Typhoon. They also demolished some tanks that caught fire during the typhoon – you should see the photos. Trevor seems to have liked island work and is due to return to Guam early next year to erect a new roof on one of the partly burnt tanks. In the meantime Trevor and Horst Eichler have completed repairing Tk109 at BP Bulwer island - a huge 75 metre floater that had a rim fire after a lightning strike a few months ago. Do I detect a relationship between Kennedy and fire? Sam Eller was able to 'weave his magic' at several meetings with the client to come up with the most cost

effective work scope which provided a platform for a most successful job. No safety incidents, within budget and schedule. Great effort which should lead to more opportunities with BP.

Sandy Smith is spending his spare time from Shell Clyde working on stabilizing the roof of a floating roof tank at Mobil Botany, which went down after a heavy rain storm. The project is high profile having received global scrutiny from Exxon-Mobil. Sam Eller has worked some wizardry designing sophisticated apparatus to remove pontoon manholes from outside the tank ahead of gas freeing. John Gawthorne has had to monitor each step of the way with Risk Assessments and JSA's. The job has required a high degree of planning and attention to detail, which will need to continue until project completion. I've noticed that Sandy has started to look more and more like Alan Greenspan as the project has evolved – seems like he is really enjoying the challenge.

Our focus on safety has been good with very few incidents – however as we all know safety is a job that never finishes and requires sustained effort from everyone.

Overall some great work being done by our widely spread field people with much appreciated support from Head Office. Please all take a bow.

Andrew Auzins



Trevor with the Mobil Engineering Team in Guam

QA Report

Third Party QA Audit

Our 6 monthly surveillance audit took place on September 25 & 26. The audit was conducted at Head Office and also involved site visits to Mobil Botany and Caltex Kurnell. The audit went very well and a big thanks to those who were personally involved during the audit.

Quality Targets

At a recent management meeting it was decided to add a fourth objective to our quality policy. The fourth objective is "to reduce the cost of nonconforming work to less than 0.5% of turnover". All nonconformances are costed and a summary completed quarterly. I am pleased to announce that for the July to September quarter 2003 the cost of nonconforming work was 0.1% of turnover. Let's keep up the good work.

At the conclusion of every project we ask our clients to complete a performance evaluation. The evaluation helps us to identify strengths and weaknesses in our systems. We score the evaluations and set ourselves a target of achieving 75%. During 2003 we have had performance assessments returned to us from Cabot Australasia, BP Bitumen, Mobil Oil, NSW Department of Public Works and Vivendi Water Systems. I am pleased to announce that all evaluations returned throughout the year have scored above our target and have averaged over 87%.

New Technologies

Time of Flight Diffraction (ToFD) is a relatively new inspection method that is being widely accepted internationally as one of the most reliable technologies for the detection and accurate sizing of weld flaws. Based on ultrasonic principles, ToFD is an automated process that can scan welds at around 2 mtrs per minute.

Saunders recently engaged an NATA endorsed company to carry out ToFD on a tank repair project at BP Bulwer Island. The project involved repairing a 75m floating roof tank that had been damaged by a lightning strike. Thirteen damaged plates were removed and replaced. As hydrostatic testing could not be carried out on the completed work, we were left with the prospect of radiographing 180m of new weld. ToFD was chosen due to the reduced inspection time, the immediate confirmation of testing integrity and a permanent record at the conclusion of the work.

The scanning of the 180m of weld took 2 men less than 2 days compared with 2 men and 12 to 14 days using conventional radiography. All parties (Client, NDT contractor and Saunders) were pleased with the outcome of the testing.

Michael Ashton

Safety Report

Since joining the company in October 2002 I have carried out safety audits on all maintenance and construction sites around the country. The audits have revealed a safety culture that the company has developed and rolled out across all operations. This is for all personnel and that is safety at all times in everything we do. This continued commitment to safety can be seen in the training provided for current employees and induction training for new personnel, also the commitment by site supervisors to following the requirements of the Safety Management System.

On several sites minor infringements of the safety procedures have been found and these have been corrected. Some employees were not using the safety gear and they were reminded of their safety responsibilities, but it does not stop there. It is a continuous process to ensure that everything we do is carried out in the safest possible way and this is only achieved if all personnel embrace the safety philosophy of the company. Through a positive attitude the company has achieved a very good result in our safety statistics, we have gone more than 36 months without a lost time injury and the incidence of medically treated and first aid injury has been reduced, for this record all personnel must be commended.

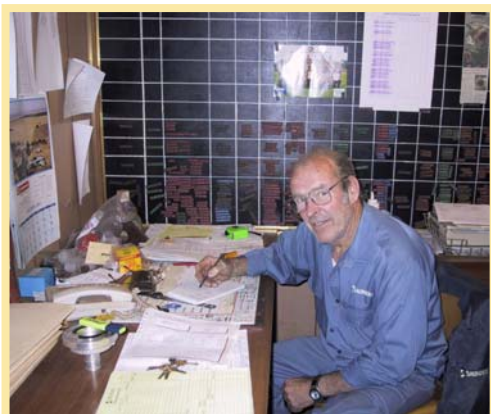
Though we have achieved good results we still have room for improvement, the company policy is to identify, assess and control all hazards that exist in the conduct of its activities, prevent personal injury and property damage, actively encourage safe work practices and eliminate all incidence. This is where you have a very important role in following the safety procedures provided for the project or maintenance work you are doing to ensure that you go home free of injury.

Keep up the good work and continually strive to achieve improvement in your safety habits and attitude. The company provides the tools and the resources but it's up to you to read the JSA's, listen to the information provided by the supervisor and utilize the safety gear provided for your safety.

Remember that **SAFETY** is not only practiced at work, it is something that we should be doing 24 hours a day no matter where we are.

John Gawthorne

Employee Profile - Bernie White



Bernie commenced his working career with Sunbeam at Mascot and then moved the short distance to Alexandria to join tank builder Bernard Smith during 1963. Bernie worked as a Dogman and was then offered the position of Storeman at the same facility.

Bernie had been at Bernard Smith's 11 years when they were taken over by PDM. When PDM decided to close the Alexandria facility, Bernie was asked to work on site and during the next several years he carried out various site duties including Paymaster.

In 1985 PDM closed down and Bernie had to look for new work. A friend had begun working as a site supervisor with Saunders and he told Bernie that Saunders were looking for a Storeman. After an interview with Andrew Auzins Bernie started his employment with Saunders during 1985 and he has been with us ever since.

The store area of Saunders 18 years ago was very different to what you see now. An early remark to Bernie from a site supervisor was *"you will never get this store right"*, a comment resulting from several years of neglect in the store. Well, Bernie proved them wrong and soon turned things around. Bernie prides himself on running a clean and tidy store and his attention to detail is clearly demonstrated when he packs a container to go to site. The site supervisors in particular benefit from Bernie's hard work when they open the container door on site.

Bernie's hobbies include woodworking, gardening and soccer (coached for ten years). One unfulfilled ambition is to visit Old Trafford, home of Manchester United Soccer Club and sing on the terraces with the *"red devils"*.

A Look Back Through History

Saunders long association with the oil industry dates back to 1954 when company founder "Bluey" Saunders constructed a discharge pipeline at Newcastle's main wharf. Shortly afterwards 4 tanks were constructed at a Sydney oil terminal. The work continued during the next several years and during 1960 Saunders set forth on their first venture to the Pacific Islands. Tanks were constructed in Papua New Guinea, Samoa, Vanuatu and the Solomon Islands. This was an important development phase for the South West Pacific region and allowed cheaper fuel to be brought to the reach of all people on the various islands. The map to the right of page shows the terminals that Saunders have visited on their Pacific Island tour.

